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The World's Daily Newspaper

London, Monday, September 7, 1998

No. 35,929

Crisis Sets Asian Middle Class Adrift

First of three articles

By Mary Jordan

SEOUL — The ambulances, the lawyers and the guards with chains swooped into Seoul Christian Hospital without warning one day this summer. They loaded patients onto gurneys and carted them all away, including a semi-conscious little boy who had lain carted and silent in room 3B since his hirth nine years ago.

They chained down equipment and locked cabinets and doors. They took away medicine and machines and all the things that had saved lives there, until the economic collapse in South Korea Trial and the conomic collapse in South Korea the conomic collapse in South Korea Trial and the collapse i

made saving lives too expensive.

When the hospital went bankrupt, all that was left behind was the disbelieving staff: more than 200 nurses and pharmacists and medical aides who had stuck by their patients and their hospital long after their paychecks stopped coming. They were owed an average of \$7,000 each in back wages, and when the owner tried to throw them into the street, they simply sat down, too stunned to move and too scared to face life without a job.

This is what the Asian economic crisis has brought to South Korea. Nearly 100 times a day somewhere in this country, someone's dream - a tennis shoe factory, a corner grocery story, a giant automaker, a promising fashion house, even a hospital — is crusbed under the weight of the economic collapse. Uopaid bills are piled too high, the "closed" sign is posted, workers are dumped and the economy slips a little lower.

From the tropical islands of Indonesia to the mountains of Thailand to the factories of South Korea, East Asia's amazing rush to affluence in the last 25 years made life better, safer, more comfortable and more hopeful. But the growth went haywire — and the abrupt crash has shattered the lives of tens of millions of people.

"Every aspect of my life has changed," said Youn Sung Mook, 32, an X-ray technician who has not seen a paycheck since February and who began sleeping in the hospital lobby wheo it sbut down. "Just about everything is gone, even my friends. I avoid them. It is too embarrassing to go out with an empty wallet."

The the emergence of a broadening middle class is evaporating. Millions of newly comfortable people who

back into worse conditions. Hunger and malnutrition are rising, more and more children are dropping out of school, and child labor is increasing as Asia's miracle dissolves into misery. And those who already were poor are suffering

Relentless waves of bankruptcies and unemployment are battering the region. In Indonesia, there were about 5 million people unemployed last summer. By the end of this r, that number is expected to reach 20 million. Another I million have lost jobs in South Korea this year, and 2,000

Western investors often view the Asian financial crisis in terms of bow big a threat it is to the financial markets. But in Asia, the crisis is wrecking so many lives that the focus is not on investment returns but

on what some are calling a "class plunge." "I can't even eat what I want to eat," said Chang Sook
Hee, a nurse, as she recalled weekends and fun and how life
used to be. Most of the summer, she, too, slept in the dimly
lit lobby of the hospital, surrounded by ber colleagues cople with college and professional school degrees who osed to enjoy expensive vacations but now cannot afford to eat meat or go to the movies.

Until this year, Mrs. Chang had just about everything she wanted, except time. She had two children and a job she adored; she was proud to be elected a union chief. But now her allegiance to her union and her family has created tension. "I have no expectation that it will get better anytime soon," she said.

I can't even imagine buying clothes for myself. I can't buy gifts for my parents' or my kids' birthday," said Mrs. Chang, 32. When she and the others talk about maybe someday getting the money to eat out, it is no longer about sipping chardonnay at a restaurant with tablecloths - it is ore like Chicken McNoggets.

The East Asian middle class is diverse: In poor Indonesia or the villages of Thailand, a successful middle-class person might be defined as one with glass in his windows and cows in his field; in the richer nations of South Korea and Singapore, the middle-class wage-earner drives a reliable car and travels abroad. Bot the crisis unites them in loss: Whatever these people had, they suddenly have a lot less of it. In Chiang Mai in northern Thailand, Somjit Klangjai

See ASIANS, Page 8

Chill Wind in U.S. for Clinton

Sharper Mood Raises Doubts About Ability to Govern



The Clintons being welcomed by Buddy as they returned to the White House.

 The White House braces for a could be sexually explicit. Page 3.

 Representative Dan Burtun, a report from Kenneth Starr that critic of Clinton, acknowledges a soo born out of wedlock. Page 3.

far more rigid than those enforced in

Iran — of giving Islam a had name.

They have provided support to the rival

foe. And now, after the disappearance of

scores of Iranians, including at least 10

diplomats, who were caught up in the

fighting in Afghanistan last month, Iran

has raised the prospect of military action

against Taleban unless reports that the

diplomats have been killed can he

A commentary on Iranian radio Sat-

urday said Iran had the right "to take all

necessary action" against the Taleban

movement under an article of the United

Nations charter that guarantees a right to

self-defense. That prompted a harsh reply from Talehan leaders, who were

quoted Sunday as saying that their fol-

lowers were prepared to spill blood to

In interviews Sunday, Arab diplomats

full-scale invasion. They said the Ira-

nian buildup, which began last week with military exercises that included about 70,000 troops, was almost cer-

Having suffered through a long war with one neighbor, Iraq, from 1980-88, they said, Iran probably had little ap-

petite for becoming involved in what

That assessment appeared to be

strengthened by comments from Iran's

supreme leader, Ayatollah Ali Khamenei, published Sunday. He was reported to have

told students Thursday that there would be

that deep public anger in Iran over the

fate of the diplomats made any pre-

diction risky. And they said that one

See IRAN, Page 8

But the diplomats and specialists said

no confrontation with Taleban,

could be another protracted conflict.

tainly intended as a show of force.

quickly resolved.

fend off any incursion.

By John F. Harris and Peter Baker

Mashington Post Service WASHINGTON - Facing the prospect that his presidency may be per-manently disabled, President Bill Clinton returned from Ireland over the weekend to a Washington environment dramatically different than the one he left for three weeks of vacation and foreign travel.

With his political support eroding, Mr. Clinton enters a crucial fall election season needing to prove that he can still govern effectively, and not simply go through the motions as a grievously wounded leader.

Some advisers, both in the administration and outside, have begun to question whether he can maintain his fabled ability to "compartmentalize" his life, insulating political troubles

from his policy agenda.

People who have talked with Mr. Clinton in recent days or spoken with senior aides about how he is holding up said he seemed rattled by the fallout from his nationally broadcast confession on Aug. 17 of a relationship with Monica Lewinsky, the former White House intem, and the damage he caused himself by his indiscretion and the deceitful way he responded to the controversy.

'His mood is as deeply sad as I've seen him," said an adviser who de-scribed Mr. Clinton as "quite disoriented" and "very stricken" by events of the last weeks.

The drumbeat of bad news continued for Mr. Clinton on Sunday. Representative James Moran, Democrat of Virginia, said Mr. Clinton was "bound" to face impeachment proceedings for having lied. "The president would be for-tunate actually if there was a censure resolution," Mr. Moran said on "Fox News Suoday."

Appearing on the ABC News program 'This Week,' Senator Daniel Patrick Moynihan, Democrat of New York, was asked whether Mr. Clinton's comment in Ireland last week that he was "very sorry" for his actions was adequate? "Well, no," Mr. Moynihan said. "What we have before us, and we ought to get on with it, is an impeachment procedure."

Senator Joseph Lichennan, Democrat of Connecticut, whose attack Thursday on the president for "immoral" behavior opened the gates for crit-Sunday that he made his comments because he "felt that some of my fellow Democrats who were saying: 'Let's change the subject. Let's get back on message. Let's talk about managed care reform and campaign finance reform and education reform,' were not being realistic."

Speaking on the NBC News program "Meet the Press," Mr. Lieberman said: 'There's no way for us and the president to get back to face the problems of the country - the uncertainty econoniically, the problems in the world unless we open up the discussion of the president's misconduct, try to deal with hope that he can repair his presidency, rebuild the American people's

trust in him, and then move on. and other specialists said they thought it But asked if Mr. Clinton could "reclaim" his moral authority, the senator unlikely that Iran intended to mount a said, "Yes, he can."

'He has some work to do." Mr. Lieberman said, "He began it admirably with his statement of apology in Ireland. My highest hope is that President Clinton is able to repair the damage and go on and end his presidency in two-and-a-half years honorably and effectively.

At times on his trip abroad, Mr. Clinton had the appearance of a haunted man his face drawn, his voice subdued.

his eyes weighted by bags.

While there had been some doubt at first whether Mr. Clinton understood the peril he was in or the degree to which he caused his own troubles, the adviser said that "this has registered."

Mr. Clinton's despondency has been exacerbated by the fact, the adviser said, that "Hillary has not forgiven him."

See CLINTON, Page 3

had decent jobs and good living conditions, who were better educated and living longer than their pareots, are slipping North Korea Elects Kim,

Late Father's Title Lets Son Rule as Head of Defense

Dead in '94, as President

By Nicholas D. Kristof

New York Times Service Sunday that it had revised its consti-

tution to make its late "Great Leader." Kim Il Sung, its "eternal president." Adjusting to the inconvenience of having a president who died four years ago and is thus unable to make policy

speeches, the Supreme People's Assembly listened soberly to a tape recording of an address President Kim delivered in 1990. The upshot of the announcement is

that, as expected, Presideot Kim's son Kim Jong II — the country's longtime "Dear Leader" — will be head of state, based oo his position as chairman of the National Defense Commission.

It is not clear how much it will matter that North Korea does not have a living president, for it has already managed with a vacant presidency in the four years since Kim II Sung died.

. There is no doubt that Kim Jong II . controls North Korea firmly and that he could have had the presidency if he had Bnt specialists cite two reasons why

he may have preferred to let his late father retain the post. The first is simply to show respect and piety to the man who founded North

Korea half a century ago and ruled it virtually as a god. Though be was often coodemned in the West as a dictator, Kim Il Sung seems to have been gemiinely revered by many North Koreans, as even defectors usually acknowl-

edge.
'Kim Jong Il needs his father, needs
to wear his father's jacket,' said Han Park, a scholar of North Korea at the University of Georgia. Mr. Park said that in time Kim Jong II may gradually emerge and rule more openly on his

The second reason why Mr. Kim may have been reluctant to take on the pres-



Kim Jong II, showing his credentials during the legislative voting.

idency is that it would make him a far more public figure and would oblige him to meet ambassadors and foreign Mr. Kim has always been an intensely

private figure, a man who virtually never travels or meets foreign visitors.

See KOREA, Page 8

Tehran Threatens Taleban Over Missing Diplomats

Iranian Troop Buildup Highlights Islamic Divide

By Douglas Jehl
New York Times Service

CAIRO - With tens of thousands of Iranian troops deployed in a threatening buildup aloog the Afghan border, the prospect of a clash between Iran and the Taleban forces of Afghanistan has drawn attention to the hostility between two of the world's most conservative Islamic regimes.

In the West, the Shiite Muslim clerics who rule Iran and the Sunni Muslim Taleban militants who now rule most of Afghanistan may appear indistinguishable, united by religious fervor and a shared belief in an Islamic state.

But in fact, they represent two wings of a great Islamic divide, and as Taleban has consolidated its hold oo power, imposing a strict vision of Islam across sponded with contempt and dismay.

Afghanistan, Iranian leaders have re-They have accused Taleban - whose restrictions, particularly on women, are

On Rocky Shore, Farewells to Victims of Flight 111

By Steven Pearlstein Washington Post Service

PEGGY'S COVE, Nova Scotia -On an achingly beautiful late summer day, this rocky coastal village was transformed over the weekend into a granite chapel as a procession of mourners came to bid a final farewell to friends and relatives who perished when Swissair Flight 111 crashed into

Many carried wreaths or elaborate bouquets to throw onto the troubled waters or to place against the simple to the lighthouse, and paramedics had red-and-white lighthouse meant to be called to assist several mournbring travelers safely into St. Mar-

garet's Bay.

Several of the groups beld small private services on the rock outcroppings, aided by clergy and psychologists who have been their constant companions in this most public of grieving processes.

"They are feeling anger, shock and disbelief," said Murielle Provost, head of the Red Cross team. Many had to be supported as they made their way out

"Being bere today has been calming and comforting," said Claire Mor-timer, a nurse from Berkeley, California, whose father and stepmother died aboard Flight III as they em-barked on what had become a regular late summer trip to France.

Ms. Mortimer's father, John, and stepmother, Hanna, had spent summers along the Atlantic coast in the resort town of Ogunquit, Maine. John

Mortimer, the soo of a newspaper printer, was a renowned labor negoiator for The New York Times. "It is ironic that he died in the ocean

he cherished and that my mother cherished," said Ms. Mortimer. Just a few weeks earlier. Mr. Mortimer had celebrated his 75th birthday in Ogunquit surrounded by family,

friends and heaping plates of lobsters and steamed clams. "He absolutely said to us that he

See CRASH, Page 3

AGENDA

Akira Kurosawa, Director, Dies at 88

Akira Kurosawa, 88, who personifed Japanese movies to most of the world and who was one of the handful of truly important directors that the cinema has produced, died of a stroke Sunday in Tokyo.

Mr. Kurosawa's "Rashomon" reached Western audiences in 1951, wheo little was known outside Japan about the country's cinema. The film changed that overnight. He was a perfectionist with a paint-

er's eye for composition, a dancer's sense of movement and a humanist's quiet sensibility. Page 10.

AVIATION - A Special Report, Pages 16-17. Page 10. Books. Crossword. Page 10. Opinion Page 6. Pages 4, 7. The IHT on-line www.iht.com





60 AND COUNTING - Mark McGwire cheering on his Cardinals after hitting home run 60, matching Babe Ruth. He needs one more to tie Roger Maris's record. Sammy Sosa reached No. 58. On Monday. McGwire and Sosa will duel in the flesh as the Cubs visit the Cards. Page 21.

'Too Big to Fail' Era Ends for Markets "Too big to fail" — the golden rule under the decisions they make and should not expect the international community to

By Carl Gewirtz International Herald Tribune

PARIS - The rules of the investing game have changed, making an aiready risky world more risky.

The redefinition and revaluation of risk worldwide is why investors are so disoriented and why financial markets have become so vulnerable to turmoil as tradable assets - bonds, equities and currencies — come under new scrutiny.

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of Seven - is oo longer the underlying principle of international finance.

For Russia, "too big" had been modified to "too dangerons." Its nuclear arsenal made it unthinkable that Western governments would allow mere financial problems to push the country to the abyss of internal chaos. But without warning, in the midst of yet another financial

crisis last month, the G-7 simply walked away ANALYSIS from Russia and let the unthinkable happen. The impact is still being played out in bond markets, where interest rates remain uncommonly volatile; in equity markets, where just the volatility of prices alone may cause damage, and in the currency markets, where the dollar suffers as a victim of

the flight from risk. In fact, the group of leading indus-tialized nations had stated its intention to change the "too big to fail" rule in 1996. After the resone of U.S. mutual funds in the Mexican peso crisis of 1994-95, the G-7 announced that "investors must bear the consequences of

rescue them when the oext sovereign liquidity crisis comes to a head." Since then, repeated bailouts of Russia appeared to belie the warning.

Events since the new policy was put into practice - the massive repricing of risk and unloading of risky investments and the disruptions these moves create - illuminate the extent to which greed has displaced bankerly caution under the misguided assumption that some players were too big to fail.

Moreover, it was not just the usual suspects — Citibank, Chase Manhattan Corp., Barclays PLC, Bankers Trust Corp., risky lenders as far back as the Third World debt crisis of the early 1980s. A heavy loser this time, for \$110 million, was Republic New York Corp., a AA-rared bank holding company noted for its low-risk profile.

None of the 10 banks that have so far admitted to losing a combined \$2 billion has explained how the money was lost. There are three possibilities. The banks could simply be writing down to

See RULES, Page 18

Jordanians Look Uneasily Toward the Post-Hussein Era

By Douglas Jehl

ERAK, Jordan — King Hussein has reigned for 45 years, more than twice as long as Ahmed Thneibat has been alive. But now the king is undergoing cancer treatment for the second time in six years, and Mr. Thneibat and other Jordanians are apprehensive about what is to come.

done with yet, "King Hussein, 62, said in July in a televised address to his people from the Mayo Clinic in Rochester, Minnesota. But he also left the impression that he was determined to prepare the country for the prospect that he might not return, saying, "There is life and there is an end to life, and that is the way with everyone."

Few in Jordan doubt that power would pass to Crown Prince Hassan, the king's younger brother and elosest adviser, who has been the designated heir to the throne for more than three decades. He has been regent in the king's absence, which is expected to last at least until November.

But many Jordanians and foreign observers say they wonder whether the king's brother could prove as successful he has been as in guiding Jordan through the kinds of storms that have been a main feature of the country's recent history.

"People are worried; they think there could be trouble," said Mr. Thneibat, 18, who like all but a minority in this close-knit country of 4 million has known no ruler but King Hussein, who took power in 1953 at age 17.

Kerak, a southern eity erowned by a crusader fortress, has long been a base of support for the monarcby. But riots broke out bere in 1996 over an increase in the price of bread, a reminder that loyalty has limits. Now the public mood is again turning volatile, a result of a crippling water crisis, severe economic problems and rising disillusionment over peace with Israel.

Over tea and burnmus in a café adorned with black-and-white portraits of the country's current and former kings, Mr. Thneibat spoke for many in saying he hoped that a King Hassan might prove more vigorous than his brother in addressing the economy. But as he and other Jordanians try to conceive of a new era, a bigger question may be whether the king's brother would inherit his capacity to chart his own course, even when it means forging ahead of public opinion.

"It's a minefield, and he doesn't have what it takes to cross it safely," said Labib Kamhawi, a prominent buman rights campaigner. "He doesn't have the charisma the king had. He doesn't have the broad base of support. And he



Hashemite dynasty is at a very low ebb."

People close to Prince Hassan say he sbares
King Hussein's deep commitment to peace with
Israel, though it has borne little fruit and has little

domestic support. That assessment is shared by

most foreign analysts, who say they are confident that the departure of King Hussein would

not cause Jordan to back away from promoting a

less latitude to promote the peace, in part because hostility toward Israel has deepened among Jord-anians, and in part because the prince has rarely

displayed his brother's magnanimous style.
"There's still a great deal of uncertainty about the crown prince," a Western diplomat said.
"He's not his brother. He doesn't have a com-

mon touch, and he gets his information from briefing papers whereas the king gets his in-

what may have been an attempt to defuse some

criticism, be convened an unusual meeting in

late Aogust that included leaders from all of

Jordan's political parties, including Islamists

At 51, Prince Hassan is nearly 12 years young-

er than the king, who will turn 63 on Nov. 14. He

is described in an official biography as having "constantly served as King Hussein's elosest

who form the main opposition bloc.

RINCE Hassan has declined interview

requests during the king's illness and has played the role of caretaker, not ad-dressing the doubts about him. But in

formation from the people,'

But diplomats say that the next king may have

broader settlement of Arab-Israeli disputes.

Crown Prince Hassan, the caretaker, left, has not publicly addressed the doubts about him. He shares King Hussein's committment to peace with Israel but does not have his brother's charisma. The king, right, said in a televised address in July from the Mayo Clinic in Minnesota, where he is being treated for lymphoma, Rest assured, I am not over and done with yet.' But he also prepared Jordanians for the possibility that he would not return.

he has worked tirelessly within Jordan to pro-mote scientific study and better integration of the region's economy. He took part in the nego-tiations that led to the Jordanian-Israeli peace agreement, met with Benjamin Netanyahn before Mr. Netanyahn was elected Israeli prime minister, and has elose ties to most Arab leaders.

Some of his admirers say that he could not have been expected to show more color as crown prince; his mission, they say, has been to stay in ie background.

"He's been in the shadow of a very important historic figure, so it will be prudent to judge him only after he takes center stage," said Mustafa Hamarneh, director of the Center for Strategic Studies at the University of Jordan. But in listing the qualities that have made King Hussein such a dominant figure, most other analysts give prom-inence to some that are not readily transferable.

'The majority of Jordanians would side with the king even if they think he is wrong," said Fahed Fanek, an economist who is one of Jordan's most popular oewspaper columnists. 'Ninety percent of the population of Jordan was born after the king took power. They know that he was indispensable in leading the country to safety. So even if they think he was wrong, they give him the benefit of the doubt."

After renal cancer in 1992 and a prostate operation in 1997, King Hussein was found this summer to have lymphoma. A statement issued by the Mayo Clinic said that the disease was "highly treatable with chemotherapy," which the king began in July, but it also mentioned a need for plenty of rest.

So far, the king has displayed a vigorous public face, even piloting his jet to Washington after completing the first and second of six scheduled

rounds of chemotherapy. Now, two months into what is expected to be at least four months of treatment, Jordanian officials say that be consults daily by telephone with Prince Hassan

T WAS the king, Jordanian officials say, who assumed the leading role in orchestrating a change of government in August, replacing a team tarred by evidence that its mismanagement was to blame for a water crisis so severe that Saudi Arabia and Syria sent emergency stocks to Jordan.

And while recuperating at his residence in Washington, the king has met with the new government, led by Fayez Tarawneh, a former ambassador to the United States and foreign minister.

In the months ahead, Jordanian officials expect

the country's affairs to be administered from Amman, Washington and the Mayo Clinic in Minnesota. But people familiar with the king's health say his resistance to disease has been weakened by the chemotherapy and that it was likely to diminish further as the treatment progressed.

■ Return Unlikely Until Therapy Ends

King Hussein is responding well to treatment but is likely to remain in the United States until the end of his chemotherapy, Reuters reported

from Amman, quoting the prime minister.

Mr. Tarawneh said in an interview with the newspaper Al Aswaq that the treatment program "suggested the king would stay in America until the completion of all stages of treatment."

Jordan's ambassador to Washington, Marwan Muasher, told the official Jordan News Agency that the king left Washington on Wednesday to start his third round of chemotherapy at the Mayo Clinic. He said the king was in very good spirits.

Detain Pair of Suspects in Embassy Blast

By Michael Grunwald Washington Post Service

WASHINGTON — Tanzanian investigators have arrested two suspects in the Aug. 7 bombing of the U.S. Embassy. in Dar es Salaam, and the FBI has filed an arrest warrant seeking a third suspect in the nearly simultaneous bombing of the U.S. Embassy in Nairobi, according to law enforcement sources.

The three new suspects, like the two suspects already io U.S. custody in connection with the Nairobi attack, are all Islamic extremists with links to Osama bin Laden, a Saudi-born terrorist, the sources said. They added that prose-cutors were already starting to form a strategy for a criminal case against Mr. bin Laden, and they said the far-flung FBI investigation was still gaining momentum oearly a month after the bombings that killed 263 people and wounded more than 5,500 others.

Sources said the new suspect in the Kenya bombing, a citizen of the tiny bad been living in Sudan, goes by the alias of Abdallah Mohammed Fadhnl. A sealed criminal complaint seeking his arrest has been filed in New York, and on Wednesday. FBI agents and the Comoran police raided homes belonging to: his wife and his parents in the Comoras capital of Moroni, 288 kilometers (180 miles) off the east coast of Africa.

So far, Mr. Fadhul has eluded capture, the sources said. But two suspects in the Kenya bombing, Mohammed Saddiq Odeh and Mohamed Rashed Daoud al Owhali, are in eustody in New York. And investigators announced Friday that they had detained two suspects one Tanzanian and one non-Tanzanian — and three informants in the Dar es Salaam blast, the first public breakthrough in that half of the case. Kenneth Piernick, the top FBI official in Tanzania, said investigators there had made "extraordinary discoveries" and

out the attack and bow it was done. Sources said the FBI was also looking a for several additional suspects in the bombings, although so far it had sought a warrant only for Mr. Fadhul. The bottom line, officials said, is that the FBI's largest overseas investigation in history is starting to unravel a wide-ranging con-

were now sure they knew who carried

spiracy orchestrated by Mr. bin Laden. "We've reached cruising altitude." an FBI official said. "We've answered a lot of basic questions, and we've made a lot of headway. Now we're branching out all over the world.

The arrest warrant for Mr. Fadbul

may shine an odd spotlight oo the Federal Islamic Republic of the Comoros, one of the world's poorest countries, and one of its least stable. Tucked in the strait separating Mozambique and Madagascar, Comoros has endured 18 attempted eoups since its independence hotbed of unrest.

But sources said that Comoran officials had already agreed to extradite Mr. Fadhul to Kenya if he was found on the archipelago, and that Kenyan officials would then let the FBI take him to New York. It is not yet elear what will happen

to the suspects detained in Tanzania. More than two dozen FBI ageots arrived in Comoros last week, and local police eordoned off large swaths of Moroni for raids Wednesday. While the FBI searched Mr. Fadhul's family's houses for explosive residue and other evidence, the Comoran police detained his wife and brother for questioning, the sources said. African media reports have suggested that the terrorists might have smuggled their explosives through Comoros, and a source noted Friday that there was boat service linking Moroni to Mombasa, Kenya, where Mr. Odeh had lived since 1994.

The sources would not say what role Mr. Fadhul or the suspects in Tanzania allegedly played in the bombings, but they were all believed to be members of al Qaida, which State Department documents have described as the "operational bub" of Mr. bin Laden's terrorist network.

political adviser, deputy and confidant, as well as regent in his absence. He received a degree in Oriental studies from would take power at a time when the power of the Christ Church College, Oxford University, and CONSTANT

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TRAVEL UPDATE

U.S. Warns of Lesotho Risks

MASERU, Lesotho (AP) — As protesters moved onto the palace grounds of this small mountain kingdom, the U.S. Embassy warned American citizens to use caution. An embassy official said Saturday the warning

was issued after opposition activists had distributed license plates would be viewed as their enemy. Clashes between the police, soldiers and demonstrators oo Thursday and Friday resulted in two deaths in which the circumstances were unclear.

Egypt again halted work on a highway running ocar the Great Pyramids at Giza until in-ternational archaeological experts can be consulted, Al Akhbar oewspaper reported Sunday. (AP)

AirTran Airways and its flight attendants agreed tentatively on a four-year contract Satirday, ending a threatened walkout that could have grounded the Florida-based carrier during the busy

This Week's Holidays

Labor Day travel weekend.

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Bermada, Brazil, Canada, Moz Rico, United States, Virgin Islands. TUESDAY: arunei, Lico

WEDNESDAY: Tajiki

THURSDAY: Belize, Gibraltze FRIDAY: Bahrain, Chile, Ethiopia, Pakistan, Saudi Arabia. Sources: J.P. Morgan, Bloomberg, Reuters.

WEATHER

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bein would remain in Israel. A U.S. Embassy spokesman, Larry Schwartz, said the United

THE AMERICAS

Detain Pair White House Braces for a Sexually Explicit Report by Starr to Congress

WASHINGTON — The White House is bracing for a punishing report Congress from Kenneth Starr, the that some of President Bill Clinton's advisers have now concluded will be more sexually explicit, and possibly more politically damaging, as a result of his grand jury testimony last month.

- At least six of Mr. Starr's prosecutors have been rushing to write a 300-pluspage report on possible impeachable effenses arising from the Monica Lewinsky investigation, knowledgeable sources said. Mr. Starr is expected to be ready to send it to Construct the sources. ready to send it to Congress in the next

several weeks. Some White House aides and outside advisers to the president said privately in recent days that they were more con-

Dan Burton, Republican of In-

said of reports on his private life.

By Matthew L. Wald

New York Times Service

the plane, an MD-11 with 229 people on board, hit the water, in-

searching for the flight data record-

Continued from Page 1

wanted his family to celebrate his

more important than if we made it to

his funeral or memorial service."

Another mourner was Tim Lar-

his daughter recalled.

der signal from one of the hlack four, boxes at a depth of 190 feet, or 58

"The chief investigator, Vie Gerland immediately."

vestigators said.

meters.

HALIFAX, Nova Scotia — The

corned than ever about what Mr. Starr in his Jan. 17 deposition in the Paula would include in his report because of Jones lawsuit and that he engaged in Mr. Clinton's Aug. 17 grand jury testi-mony and his televised speech that evening. They worry that the president handed Mr. Starr oew ammunition for

perjury allegations - and grounds to include rannehy details about his sexual encounters with Ms. Lewinsky - by claiming that his earlier testimony denying "sexual relations" with Ms. Lew-

insky was "legally accurate."
As Mr. Clinton returned to Washington after almost three weeks out of town, the impending delivery of Mr. Starr's report to the election-year Congress is all but certain to dominate the White House's agenda. Some of his advisers are convinced that Mr. Starr will now see fit to spell out not only the times and places of the sexual encounters but also explicit details in order to charge that the president knowingly lied

acts that were covered even by his own interpretation of the Jones case's definition of sexual relations.

"The report is going to be blistering," said an adviser trying to prepare a defense strategy for Mr. Clinton. "It's going to connect every dot and draw every negative inference. It's going to say his actions have tarnished not only him but his office."

Another adviser, predicting a "devastating" report, called Mr. Clinton's decision to deny that he lied in the Jones case "tragic." This adviser and several others faulted the president and his personal lawyer, David Kendall, for a legal strategy that they said oow all but required Mr. Starr to detail sex acts in or oear the Oval Office.

Bot people who agree with Mr. Kendall's approach said Mr. Clinton's tor-

tured definition of sexual relations was a had an inappropriate physical relation-necessary defense against the serious ac-ship with Ms. Lewinsky but, without cusation of perjury in the Jones case.

Some Clinton advisers privately have voiced concerns that details about unsavory and even odd sexual behavior could be included in the report, making the allegations against Mr. Clinton more difficult for Democrats to defend even as the White House prepares for banle

over the interpretation of every fact. Bot there are other presidential advisers who believe that Mr. Starr would only help their cause if he fills his report with lurid sexual details, arguing that such a move would ultimately create sympathy for the president. Already, the White House is trying to make the case that Mr. Starr is moovated by vindictiveness and is trying to compensate for the lack of evidence of obstruction of

justice by titillating the public. Mr. Clinton told the grand jury that he

providing an explanation, said that his Jan. 17 deposition denying "sexual relations" --- and saying he could not recall them ever having been alone together --- was not perjury.

Mr. Clinton was asked during his grand jury testimony whether he believed certain sex acts were covered by the Jones definition: Intercourse was covered, but oral sex was oot, he said. But Mr. Clinton refused to answer questions about whether he engaged in any specific sex acts with Ms. Lewinsky.

Lawyers familiar with her testimony have said that Ms. Lewinsky told the grand jury that, in addition to oral sex, she and Mr. Clinton engaged in other sexual activities covered by the Jones definition, including touching and fondling.

About a half-dozen associate inde-

pendent counsels have been drafting sec-

tions of the lengthy Starr report. People knowledgeable about the operation said that Mr. Starr, his deputies and other lawyers in the office are reviewing and editing the material. The report will include exculpatory and well as incriminsting information, those sources said. Voluminous attachments, including transcripts of grand jury testimony and other evidence, will accompany the report.

The House, which will return from its summer recess this week, has yet to determine the procedure for the Judiciary Committee's inquiry when the report arrives later this month.

Mr. Starr is almost certain to limit his report to the Lewinsky investigation, sources said. His office considered but decided against including all invesogative findings on other aspects of the four-year Starr investigation, though that material could be sent later if Congress requests it.

Clinton Critic Admits to Having Illegitimate Son

By Edward Walsh

WASHINGTON - Representarive Dan Burton of Indiana, one of President Bill Clinton'a most persistent and combative critics, has acknowledged that he is the father of a child who was born out of wed-

In a written statement issued to Government Reform and Oversight Committee, said he was making the disclosure to end harassment of the child's mother and others by news diana. 'Enough is enough,' he

Homing Device to One of Swissair Jet's Recorders Is Detected

den, said that shortly after the

plane's last radio transmission, in

which a crew member told a con-

troller at the Moncton Area Control

identity and altitude to controllers.

stigators said. and a crew of 14, plunged into the the investigators also said that sea at 10:30 Wednesday night, about

Webster of the Canadian Navy said captain or the first officer, tells the the Canadian submarine HMCS cootroller, "We are declaring an

Okanagan had detected a transpon- emergency at time zero one two

CRASH: Relatives Bid Final Farewell

life while he was alive and that was so relatives had already been told

son of East Hartford, Connecticut. of the passengers have been asked to

bur loved ones are with God ... and can be used by DNA testers to

now we're relieved that we're identify the body parts that have

here," Mr. Larson said. His wife's washed ashore or been retrieved

The plane, with 215 passengers

The crew member added, "We

are starting vent now. We have to

were returning home to Sicily after

five weeks in the United States. Mr. Larson and the other 500 or

years ago from which a child was born," Mr. Burton said in the state-"I am the father. With my wife's knowledge. I have fulfilled

my responsibilities as the father." "I'm not going to talk any more about my personal life," the Indiana Republican added. "I've hurt some people that I love very much. Enough is enough."

The Indianapolis paper reported that Mr. Burton had the extramarital The Indianapolis Star and News, that Mr. Burton had the extramarital "sci Mr. Burton, chairman of the House relationship and fathered the child in life. the early 1980s, when he was a member of the Indiana Senate and the woman worked for a state

ild's mother and others by news agency.

The newspaper said the woman, anizations.

The newspaper said the woman, the newspaper said the woman, who is married, and her teenage son investigating of the scandal. The White Is that has been investigating of the scandal. The White Is the newspaper said the woman, the newspaper said the woman.

The newspaper said the woman, the newspaper said the woman, the newspaper said the woman, the newspaper said the woman, the newspaper said the woman, the newspaper said the woman, the newspaper said the woman, the newspaper said the woman, the newspaper said the woman, the newspaper said the woman, the newspaper said the woman, the newspaper said the woman who is married, and her teenage son the newspaper said the woman who is married, and her teenage son the newspaper said the woman which is not to the newspaper said the woman.

Mr. Gerden said.

Mr. Burton's admission ended Clinton. days of intense speculation. Earlier last week, the Indianapolis paper reported that Mr. Burtoo had been warning people in his district, which magazine was about to publish a House intern. "scandal story" about his personal

Mr. Burton is one of the most conservative Republicans in the House and, as chairman of the com-

live in central Indiana but did not suers. In April be called the pres-disclose their names or exact lo-ident "a scumbag" and said that was why he was "out to get" Mr.

The disclosure comes as Mr. Burton and his House colleagues await a report from the independent counsel, Kenneth Starr, on Mr. Clinton's includes parts of Indianapolis and its porthern suburbs, that Vanity Fair Monica Lewinsky, a former White

Some Republicans have warned that the White House planned a "scorched earth" defense, delving into the private lives of congressional Republicans as a way to shield Mr. Clinton from the consequences of the scandal. The White House has

POLITICAL NOTES

House Panel Seeks Wide Powers WASHINGTON - The House Judiciary Committee is asking for unprecedented powers exempting the panel from many long-standing House rules as it reviews Presideot Bill Clinton's conduct in the Monica Lewinsky

scandal, coogressional sources said, a move opposed by

Democrats and greeted warily by some Republicans. As the two parties begin negotiating over how to handle the upcoming report by Kenneth Starr, the independent counsel, about possible impeachable offenses, Committee Republicans, the sources said, were requesting a broad mandate that could even allow the panel to cite witnesses for contempt without having to secure a vote of the full House to do so. But Democrats are already complaining about what one called "nearly unchecked powers," and some leading Republicans are also concerned. (WP)

More Testimony From Tripp

WASHINGTON - Linda Tripp, whose secret tape recordings launched the perjury and obstruction-ofjusoce probe of the president, has provided grand jury testimony about at least two other matters under investigation, according to court papers. These are the 1993 firings in the White House travel office and the White House acquisition of confidential FBI files oo former Reagan and Bush administration employees.

Quote/Unquote

Carter Eskew, a Democratic political consultant, arguing that while voters were disgusted by adultery, they were also angered by people who dredge it up, and that therefore most political candidates would not risk airing opponents' sexual secrets; "In the end it's mutual assured destruction. So it won't happen.'

Away From Politics

In an extraordinary turn of events in a murder case. Chicago prosecutors have dropped charges against two boys, aged 7 and 8, who had been accused of killing girl by hitting her with rocks and suffocating her. The case was dismissed after laboratory analysts found semen on the girl's underwear. The boys were deemed too young to be the source.

The controversial Million Youth March in New York City ended in a melee as hundreds of police officers in riot gear rushed the rally's speaking platform when the event ran over its time period. The officers were pelted with chairs, bottles and metal barricades.

· With arrests over the weekend of two cruise ship employees as their vessel docked in Manhattan, law enforcement officials revealed the existence of a drug ring that used ocean liners to funnel cocaine, hashish and marijuana via New York City to Bermuda.



Two relatives of victims of Swissair Flight 111 walking together

Advised that the plane was 300 to turn left in order to lose aloude. "Most of us are oow resigned that donate small amounts of blood that nautical miles from Boston, the crew readily agreed to go to Halifax, experts analyze whether it was posjust 30 miles away, the pilot said: cruising altitude to the runway, "We need more than 30 miles." which is not far above sea level, in The controller then told the plane the 30 miles remaining.

tremendous that there were no rec- ton." ("Heavy" refers to a large along the rugged Atlantic shoreline near Peggy's Cove, Nova Scotia. Another problem, he said, was

Mr. Gerden said he would have weight.

The aircraft at that point, about but when told that the airport was sible to drop from the 33,000-foot that time, had a weight of about 230 just 30 miles away, the pilot said: cruising altitude to the runway, metric tons," he said. It could not land weighing more than 200 metric

Israeli Court Orders American to U.S. For Murder Trial

The Associated Press

JERUSALEM — An Israeli judge ruled Sonday that Samuel Sheinbein, an American teenager wanted for murder in Maryland, should be extradited to the United States to stand trial. Judge Moshe Ravid of the Je-

though Mr. Sheinbein was 'extraditable." the defense had 50 days to appeal the decision. Indge Ravid ruled that even though he accepted Mr. Sheinbein's contention that he was citizen of Israel, the teenager had no right to

rusalem District Court said that al-

stay in the country because he had not maintained close ties to it. "The defendant can be extradited because under the extradition law a citizen is defined as someooe who has the status of Israeli citizen and has a connection to the country,

the judge wrote. Mr. Sheinbein's lawyer, David Libai, said he would appeal the ruling to the Supreme Court within 30 days. During the appeal process, which lawyers and justice officials said could take months, Mr. Shein-

States welcomed the decision. Mr. Sheinbein, 18, fled to Israel on Sept. 21, 1997, two days after the mutilated body of Alfredo Tello Jr., 19, was discovered in the garage of an empty house near the Sheinbein home in Silver Spring, Maryland.

pacle, the physicist Victor Rizza, from the Atlantic. That process 58, and Mr. Rizza's son Nino, 14, could take months to complete. CLINTON: Chill Political Wind Buffets Clinton on Return to Washington

Continued from Page 1

ognizable remains. Blood relatives aircraft.)

A Clinton insider who talks with gressional elections. At that time, tional economy, be became despondent, filled with Yet, Mr. Clinton's predicament he became despondent, filled with doubts, not to mention suspicious will cause intense scrutiny of his controversies. and resentful of his staff, just as he performance on these matters. His apparently has bridled at their adon the Lewinsky controversy.

senior official said. By the end of the trip he seemed more upbeat, even managing a round of golf in Ireland on Sat-

events intended to promote his pothe president regularly compared sitions on education improvehis plight with the aftermath of the ments, Social Security reform and

The plane, under the control of

the Moncton Center, radioed in:
"Swissair 111 heavy is declaring panne-panne-panne." ("Panne" is the French word for breakdown.)

"We have smoke in the cockpit,

what many had begun to sospect - request deviate immediate right turn

that the force of the crash was so to a convenient place. I guess Bos-

visits to Russia, Northern Ireland vice and criticism since his speech and the Republic of Ireland last "I think he's setting this course a harder than ever to separate his lot more oo his own," a former problems from his policy - to put them "in a box," as he likes to

Unlike previous foreign mis-sions this year that provided wel-come respites from domestic prob-problems removed from his polit-

Beginning Monday, he will lems, the Lewinsky matter hung ical life: "One of the best complunge into a robust schedule of over him st every stop.

events intended to promote his po
A former high official who re-

mains close to colleagues in the White House said he believed that Republican sweep in the 1994 con- the perilous state of the interna- Mr. Clinton had not been able to compartmentalize the Lewinsky scandal the wsy he could earlier

> "Filegare, Travelgate, what did he know?" the former official said. "He always saw Whitewater as a week demonstrated that it would be political issue. He always had a lin oo Friday. psychological distance from his problems. This is closer to the

The Aug. 17 speech, the official

Incumbent Cancels Event With President

By Charles Babington and Donald P. Baker

Washington Post Service WASHINGTON - Governor Parris Glendening of Maryland has firmly distanced himself from President Bill Clinton, canceling a fund-raiser with the president that once promised to provide hundreds of thousands of dollars for the Democratic governor's

tough re-election bid.
With private polis and analysts telling him that Mr. Clinton's appeal is sagging dramatically among some Maryland voters, Mr. Glendening offered his sharpest criticism yet of the president but declined to say whether Congress should censure him.

The blow stung, party officials said, because Maryland is a strongly Democratic state and Mr. Glendening had aligned himself closely with the president and defended him initially in the Monica Lewinsky scan-

cussions" that led to canceling plans for Mr. Clinton to be the host at a \$1,000-per-person fund-raiser for the governor at an undetermined site Oct. 2. Glendening campaign insiders said they had had

difficulty selling tickets to the fund-raiser. They also feared the event could backfire on the governor if it coincided with arrival at Congress of the long-awaited report by the independent counsel, Kenneth Starr. which may include new allegations of presidential Mr. Clinton's "actions were wrong, inappropriate

and demanding of a sincere, major apology," Mr. Glendening said Friday. "We have an 18-year-old son, and we try to teach him to be responsible for his that and this makes it even worse."

actions, and you need models in terms of how to do Mr. Glendening is not the only Democratic candidate suddenly wary of Mr. Clinton. Several prominent New York candidates recently urged the pres-Mr. Glendening told reporters over the weekend that ident to delay a Manhattan fund-raiser scheduled for his campaign and the White House had "mutual disident to delay a Manhattan fund-raiser scheduled for

municators in the history of the presidency gave one of the worst speeches in the history of the pres-

idency. A former White House aide, Bill Curry, who does not speak reg-ularly with Mr. Clinton, said he recognized a pattern in the events of the last three weeks, from the defiant first speech up to the more contrite statements issued in Dub-

Rejecting personal responsihility is always his first instinct," Mr. Curry said. But his "second or third instinct" is usually remorse and self-reproach. "His inner voice is extraordi-

narily self-critical," Mr. Curry added. "He is completely alone. He must feel a profound lack of con-

"This kind of adversity is al-

ways unimagined in advance," Mr. Curry said. Mr. Clinton relied less on advisers during his overseas trip. As he prepared for his Moscow news conference with President Boris Yeltsin, aides said that they spent barely five minutes discussing how to respond to any questions on Ms.

Lewinsky. Mr. Clinton's mood evolved dramatically through the trip. In Russia, where Hillary Rodham Clinton appeared distant during joint events, the presideot seemed downbeat

His speech to students at Moscow University was flat and generated lukewarm applause. His answers at the news conference with Mr. Yeltsin were soft and sullen.



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By Thomas Fuller International Herald Tribune

KUALA LUMPUR — Until recently, Malaysian officials had a stock response to businessmen asking why they should invest here instead of asking out loud whether he has taken in other countries in the region. They would say that unlike many of its neighbors, Malaysia was stable. The country had a clear successor to Prime Minister Mahathir bin Mohamad.

All that changed last week with the deputy, Anwar Ibrahim, s man who had come so close to being the country's top politician that for two months last year while Mr. Mahathir was traveling outside the country Mr. Anwar was given the title of acting prime minister.

Now, not only is Malaysia without s clear successor to Mr. Mahathir, but the prime minister, 73, has said he will not choose a new deputy until a party election in the middle of next year. In the meantime Malaysia is facing its most serious economic crisis since independence from Britain 41 years ago.

Other countries in the region notably Thailand, Indonesia and South Korea — have selected new leaders since the onset of the economic crisis. Allies of Mr. Mahathir - Asia's longest-serving leader — are now oo more than be can handle by firing

the Finance Ministry last week. "My view is that whoever wants to be minister of finance — that's a fulltime job," Daim Zainuddin, a former abrupt dismissal of Mr. Mahathir's finance minister and longtime friend of Mr. Mahathir's, told a group of foreign reporters Friday.

Mr. Anwar and personally taking over

'Dr. Mahathir will find that it going to be very tough to be minister of finance, prime minister and minister of home affairs," he said, referring to the

"Every decision made is going to affect the nation," he said of the job of finance minister. "One wrong move with the prime minister's policies or been shown the door.

"In his private moments I think Dr. Mahathir feels very disappointed and that's it. The whole economy may go down.

Mr. Daim, who was brought into the cabinet in June as a minister of "special functions," is the country's have taken over from him and got

most successful businessman and is not believed to harbor larger political

He said he felt "very tired" in his job planning strategies for combating the economic crisis, a post which Mr. Mahathir asked him to take.

Appointing a new finance minister is a difficult move for Mr. Mahathir because whoever is appointed to the powerful post may be perceived to be the prime minister's successor.

It's a decision, analysts say, that Mr. Mahathir may not be ready to make - partly because there are no obvious choices among the country's political leadership.

In the 17 years Mr. Mahathir has been at the helm, strong-willed politicians in Malaysia have either agreed

sad." said a source close to the government who insisted on anonymity. "He knows that time is limited for him. And the only person who could

respect is Anwar," the source added. in private conversations, politicians and analysts still wonder exactly why Mr. Anwar was fired.

He is under investigation by the police over allegations of campaign financing, sedition and sexual indiscretion. But Mr. Mahathir has refused to offer reasons for the firing, saying that the decision was made by the governing political party — tantal-izing Malaysians into thinking that perhaps there was a yet unspoken reason for the move.

"We do oot have to give any ex-planation over the matter," Mr. Mahathir said. "We find him not suitable that is all."

The timing of the move against Mr. Anwar was also peculiar. It came as the country was preparing to host later this week thousands of athletes and spectators coming to Kuala Lumpur for the Commonwealth Games.

More importantly, Mr. Anwar's firing came two days after the country embarked on a radical experiment, banning the use of its currency outside its borders and fixing it at 3.8 to the dollar, thereby insulating its small, trade-dependent economy from the world's currency markets.

The new currency regime - closely watched by other countries hit by the economic crisis — will require constant adjustments and monitoring, cen-tral bank officials say. Yet Malaysia has no full-time finance minister and no central bank governor: Ahmad Mohamed Don, an ally of Mr. Anwar's, held the latter post before resigning in protest against the currency controls. His deputy left with him.

■ Brother Arrested, Anwar Says

Mr. Anwar said Sunday that Malaysian authorities had arrested his adopted brother in an apparent crackdown, and be vowed anew to begin a nationwide tour this week to plead for political reform, Reuters reported.

"I have some information that my adopted brother has been arrested and I think in one or two days' time my secretary, Azmin, will be arrested too," Mr. Anwar told a group of more than 1,000 supporters just outside his home. "They should take me away. Don't harass my staff, my supporters and my family."

Lament of Ethnic Chinese: 'Always the Scapegoats'

Poorer Members of the Jakarta Community, Unable to Emigrate, Live in Fear of New Riots

By Seth Mydans New York Times Service

JAKARTA — More than three months after huge riots swept the city, the back lanes of Glodok, Jakarta's Chinatown, are still strewn with ash and bricks and bits of broken glass. Multistory department stores are firelackened shells; small shops are rubble.

On an alleyway near a Buddhist temple, old men drink coffee and look over their shoulders when they talk.

"We are always the scapegoats," said a 50-year-old ethnic Chinese shopkeeper who lost his shop during the three days of rioting in May, the week before President Suharto stepped down. "People tell us to leave but we have acceptant to an Management. leave, but we have nowhere to go. We are Indonesian, but people here don't recognize us as Indonesian. So we have no country, no home and no guarantee of our future.

The shopkeeper, who said he was afraid to give his name to a reporter, said he had seen the anonymous pamphlets that have been circulating lately, warning of further attacks. He said he had also seen the small painted circles and triangles that have appeared on Chinese-owned shops and bomes, ostensibly marking them for arson or looting.

'They are just trying to sow terror,' be

But he said he was too poor to join the exodus of tens of thousands of ethnic Chinese who have fled the country, in several waves of panic, as rumors of new riots have swept Jakarta and other cities like Semarang, Surabaya and Solo.

Although the shopkeeper and others like him lack the means or connections to leave the country, many more prosperous members of the ethnic minority have found

At the same time, wealthier Chinese, who control many of its big businesses, are said to have transferred billions of dollars abroad, dealing a severe blow to Indooesia's prospects for economic recovery.

Although they make up little more than 3 percent of Indonesia's population of more

than 200 million, ethnic Chinese are the nation's trading class, from shopkeepers to billionaire managers of multinational conglomerates, and they control as much as 70 percent of Indonesia's private economy.

Mitsu

An angry backlash among overseas Chinese elsewhere in Asia could do longterm damage if this economically powerful group elects to take its business elsewhere. In one of the most concerted political actions this loose-knit international community has ever taken in recent years, ethnic Chinese have staged protests in Hong Kong, Taiwan, the Philippines and the United States, as well as in China itself.

Their anger against Indonesia has been inflamed by reports that organized groups of rioters engaged not only in the burning and looting of Chinese-owoed shops but also in the systematic humiliation and rape of ethnic Chinese women.

'Indonesia: Rapist Capital of the World," read a banner at a recent demonstration in the Philippines.

Human rights groups and women's shelters here in the capital, Jakarta, have reported that more than 160 women and girls were raped in the rioting last May. They say 20 of these women died as the result of the assaults, some by suicide.

But their reports have been undermined by a failure to bring forward any victim who could give a firsthand account — and by what now appear to be slipshod methods of collecting data. Also, there may have been a disinformation campaign in the distribution of horrifying but inauthentic photographs of purported victims.

Although human rights investigators stand by their accounts, saying the victims were too traumatized to talk publicly, these lapses have opened room for doubt.

Women's Affairs Minister Tutty Alawiah, one of the leaders of a government investigation into the reported rapes, said, "The team has been conducting an investigation for one-and-a-half months oow but has found no woman who fell victim to gang rape or who claimed to have been raped during the May riots."

A North Korean Claim Gains Validity for peaceful use of outer space," of-

By Steven Lee Myers New York Times Service

WASHINGTON — The United States now believes it is possible that North Korea succeeded in putting a satellite into orbit when it fired a multistage rocket over Japan a week ago, officials said over the weekend, retreating from their initial assessment that the launch was a missile test

The trajectory of the rocket and other characteristics of its flight lend some credibility to North Korea's claim Friday that it had launched its first satellite into space, a U.S. gov-ernment official said.

"It's possible they put something out there," the official said.

The U.S. Space Command at Petersoo Air Force Base in Colorado. has been scouring the skies in search

of the satellite, which the official

circling the planet every 2 hours and 45 minutes. But a spokesman for the U.S. observation force, Commander David Knox, said Saturday that there was still no confirmation of a satel-

After North Korea fired a multistage rocket Aug. 31, U.S. military and intelligence officials said they had closely monitored preparations for the launch. They said the rocket was a two-stage ballistic mis-sile, called the Taepodong-1, that North Korea had had under devel-

opment for years. The United States has protested the launch during talks with a North Korean delegation in New York City. Those talks, which have covered a range of issues including Pyongyang's missile and nuclear programs, continued over the weekend, While North Korea said its satellite

ficials in Washington said the rocket firing potentially represented a dangerous breakthrough in the country's efforts to build longer-range mis-

Seoul Unsure About Satellite South Korea said Sunday that it still could not verify or deny the North's claim that it had launched a scientific satellite, The Associated Press reported from Seoul.

"It has not been determined yet what North Korea did exactly - a missile firing or a satellite launch," said the chief presidential spokesman, Park Jie Won. We're closely cooperating and

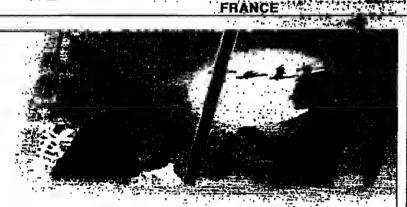
exchanging information with the United States and Japan to determine the truth of the North Korean claim,"

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> International **Herald Tribune**

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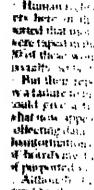
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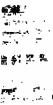


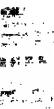




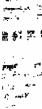
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my mother got sick in Japan and was are likely to keep its economy

PARIS — The frantic U.S. efforts to get Japan to act boldly to cure its

financial crisis remind me of the time

rushed to the hospital, where the Jap-

anese doctors' best attempts to reassure

As the doctors called for a battery of

sophisticated tests, my mother mis-

takenly assumed that they were fol-

lowing the U.S. practice of testing only

when something worrisome is suspec-

ted. Visibly anxious, she asked what

was wrong. The doctors thought she

was doubting their thoroughness, so

they ordered even more tests. The more

the doctors tried to reassure my mother,

The same wide cultural gap afflicts

the anguished dialogue between U.S.

and Japanese financial officials. The United States is demanding root canal

surgery on Japanese banks as the best

way to instill confidence in the system.

The more banks shut down, the more

bad loans are disclosed and written off,

the better. Japan counters that these

steps will lead to panic, bank with-drawals and declining confidence in

the nation's economic future — the

that Japan's anemic financial policies

Washington and Wall Street worry

opposite of what is intended.

ber went awry.

the worse she felt.

Clinton's Troubles Deepen

Lieberman of Connecticut on his longtime friend and political ally, Bill Clinton, answers a deeply felt requirement for a substantial political figure to speak openly about the sources of the 'president's duress. Ideally, that figure would be the president himself. Unfortunately, he is not yet at a point where political calculation and the manipulation of words are missing from his self-critiques. But Mr. Lieberman is at a different place. He commands a degree of personal credibility and moral authority that now allow him to speak truth about Mr. Clinton's relationship with a White House intern.

Much remains to be worked out on how Congress will and should respond to the Clinton scandal, but Mr. Lieberman has done what needed to be done at this moment. He has set a moral example. He has put first things first. At once be drew support on the Senate floor from two other estimable Democrats, Boh Kerrey and Daniel Patrick

Mr. Lieberman described the president's relationship with Monica Lewinsky as not just inappropriate (Mr.

The statement by Senator Joseph Clinton's belittling word) but immoral, disgraceful and harmful. Not only has the president contradicted the values he publicly embraced, be said, he lied about it and deceived the many, including Mr. Licberman, who took him at his word. His misconduct has had an impact "on our culture, on our char-acter and on our children," not to speak of the presidency itself. For such behavior, he went on, Mr. Clinton deserves "some measure of public rebuke and accountability.

> This is an evident distortion. Mr. Lieberman has spoken with a clarity and a sense of public devotion that, on the evidence, are still alien to the president. These qualities are monetheless, the ones President Clinton still must find in himself if be is to make the best

-THE WASHINGTON POST.

Desperate Russia

even then.

Desperate political circumstances until January. There can be no conhelp explain the contradictory economic program proposed on Friday by Russia's acting prime minister, Viktor Chernomyrdin. But it is hard to imagine how its successive phases of hyperinflationary expansion and ironclad austerity could possibly work. Russia needs daring economic boldness, hnt this plan comes dangerously close to

The initial, expansionary measures reflect Mr. Chernomyrdin's urgent need for support from Communist and other anti-reform members of Parliament when his nomination comes up for a second confirmation vote this week. In a first test, last Monday, he was defeated, 253-94. If he loses three times, Parliament must be dissolved and new elections called. That is a risk that most Russian politicians, including President Boris Yeltsin and Mr. Chemomyrdin, would prefer to avoid right now. The economy is close to imploding, and after two weeks with no government at all Russia desperately requires some political stability.

But if Mr. Chernomyrdin's new program is the price he has to pay for that stability, it is alarmingly high. Urgently needed reform measures are pushed off for at least four months.

Queried later in Duhlin, Mr. Clinton,

notching up his candor a word at a time, said for the first time he was "sorry" - about "it." He and his spokesman suggested that the Lieberman statement had simply brought the senator abreast of the president's own private introspection on the Lewinsky matter.

of his unhappy situation.

fidence that he will be able to muster

sufficient political support to proceed

Meanwhile, government presses will print worthless new rubles, guar-

anteeing a period of hyperinflation that will wipe out personal savings and

make any payment of back wages worthless. Public anger at the politi-

cians responsible for the financial ruin

of ordinary Russians will be fierce.

Further, it is hard to imagine that any

new money would be forthcoming

from foreign governments, the IMF or

private investors during this first,

If and when the second phase of the

program kicks in, Russia's central

bank will yield control of monetary

policy to a currency board that, if it

works, would tie the ruble to either the

dollar or the new euro, at the cost of

surrendering control of Russian mon-

etary policy to a foreign central bank.

The program also promises that in-

efficient companies will be forced into

bankruptcy and that the tax system will be reformed. These are exactly the kind

of measures that could do a lot of good

right now. What will happen in January

hyperinflationary phase.

Greenspan's Federal Reserve Could Help, but Don't Count on It

USTIN, Texas — Bill ACtinton declared in Moscow last week that America's *fundamental economic policy is sound." But he does not control fundamental economic policy. Alan Greenspan does. And that policy, monetary

policy, is not at all sound. Under Mr. Greenspan's chairmanship, the Federal Re-serve has done nothing for 18 months. During that time the dollar has risen, Asian financial markets have collapsed and Russia has defaulted. U.S. manufacturing, hard hit by falling exports, has been slumping for three months, If doing nothing was the right policy a year ago, it is not right now.

Today the world financial and political situation and the U.S. economy demand interest rate cuts in order to stabilize financial markets, lighten debt hurdens and support economic growth. What happens next theocratic and isolated, may that financial instability can be

By James Galbraith

whether we get them.
If the Fed does nothing, U.S. economic growth will probably continue to slow down.

during a crisis.

Recession risks, which were very low a year ago, are rising. If recession does strike, unemployment will increase, inequality will worsen, the budget deficit will return and this president and this Congress, together, will suffer fatal damage at bome and abroad.

If the Fed does nothing, there will be no stabilization in Asia. Capital will not return. Capital controls will become inevitable; in Malaysia they have already begun to be imposed.

With neither funding nor fundamental internal reform, the IMF's influence will collapse. China's prestige in Asia will rise. The Iranian model.

will depend, above all, on spread. On the Korean Peninsula. Southern crisis and Northern famine are an explosive mix. What might happen there, and on the nuclear frontiers of Kashmir, is anyone's guess. In Russia the situation is

A Real Crisis Encounters Real Inertia in Japan

By Steven R. Weisman

moribund and prevent recovery

throughout Asia, possibly leading to a

financial collapse that will make the

recent turmoil in world markets look

like a warm-up. Indeed, as Kenneth

Courtis of Deutsche Bank has noted,

Japan is more internationally isolated

today than at any time since the 1930s.

Japan's problems are summed up in the career of Kiichi Miyazawa, the 78-

year-old former prime minister brought

in by the new prime minister, Keizo

Obuchi, to oversee the economy.

Sharp, charming and unflappable, as anyone who watched him cradle a sick

President George Bush in his arms in

1991 will long remember, Mr. Mivaza-

wa began his career as a young Finance

Ministry bureaucrat after the war who

resented being lectured by General

Douglas MacArthur. In his memoirs he

wrote that "it may be hard for young

people today to understand how un-

pleasant it was to live under the oc-

cupation." Any such person is unlikely

to listen to American lectures, even

who helped nurture the Japanese post-

Mr. Miyazawa is considered a giant

war miracle of state-supported capi-talism, with all its coziness and im-

penetrability. He is especially unlikely

to walk away today from a system that

he feels brought Japan back from the

braces the "soft landing" school of

Japanese finance, in that he feels that a

little more stimulus, and a little more

openness in its banking system, will pull Japan ont of its slump without

causing undue panic.

The problem, according to U.S. officials, is that the most recent Japanese

program is barely enough to reverse the

debating the criteria for auditing the

nation's ailing banks - a bit late, con-

sidering that this is the seventh year of

the Japanese slump. Tokyo has acknowledged bad debts of \$550 billion,

but U.S. officials and private experts say they actually approach \$1 trillion.

Japanese inaction goes beyond the cultural to the political. Those in power

in Japan have a strong vested interest in

the status quo. The all-powerful Fi-

nance Ministry has no desire to shed

control over the economy. Like Mr.

Miyazawa, Finance Ministry alumni

increase last year.

negative effects of Japan's ill-timed tax

Moreover, Japanese officials are still

People who know him say he em-

rubble and defeat of World War II.

worse still. What we in the West call "reform" is dead. Capitalism has failed. Leaders whose survival will depend on force may soon return to power. Civil war (the first in a nuclear power) is a real possibility.

America may soon come to see its "victory" in the Cold War as hollow, and its 1980s squeezing of the old Soviet Union as having been an act not of statecraft, but of shortsightedness and folly.

The IMF has been useless in this crisis: in most countries, its stale orthodoxies have made things worse. It may be

NATO Should Arrest the Serbian Offensive in Kosovo 3

quelled only by new, regional institutions, effectively replacing the IMF, as indeed the new European Central Bank will do for Europe, and as Japan proposed last year.

So far, the Asian crisis, the Russian default, the IMF's impotence, the U.S. stock market slump and the U.S. slowdown bear a frightening resemblance to the early stages of the collapse of world capitalism that began in 1930. Just as that moment signaled an end of illusions, we have now seen the end of the long victory party that followed the Cold War.

Mr. Greenspan cannot, hy himself, rescue Russia or Asia by cutting interest rates. But he and the Fed might be able to keep the U.S. economy out of a slump for another year.

In this way he would buy time for Mr. Clinton and Congress to acknowledge that larger problems exist. He can send a signal that these problems are serious, that they require forceful action, not the banalities uttered by Mr. Clin-

who have gone on to wield power in business and politics tend instinctively

to look out for the ministry's interests.

interests at the Liberal Democratic

Party, which has dominated Japan for

nearly all of the last 45 years. Like the

old saying about the Holy Roman Em-

pire being neither holy nor Roman nor

an empire, the ruling party is not liberal

It is less a party than a collection of

sinesses, giant corporations and or-

special interests, from farmers to small

ganized crime, who supply money and

resources to the party in return for its

protection. That circle of self-interest

serves as a powerful shield against de-

belief in the importance of consensus,

and it is easy to see why radical reform

is difficult. I have seen schoolchildren

spending so much time trying to choose

sides fairly for a baseball game that

The world economy, of course, is not game right now. But if Russia is a

former superpower flailing about for

solutions, the Japanese speciacle is one

of deep-rooted inertia in the face of

The New York Times.

there is no time left for the game.

Add to all these factors the traditional

or democratic.

mands for change.

genuine crisis.

Mr. Miyazawa snperintends these

W.

ton in Russia. Will the Fed act, forcefully and in time? The bistorical record has always been too little, too late. Mr. Greenspan is heş-itating. Hard-line Fed anti-inflationists, resolutely facing the wrong way, will obstruct interest rate cuts. Congress could force the Fed to cut rates, but I suspect that it lacks the will and the wit.

The White House and Treasury stand silently by. Frankly, prospects are hleak.

The writer, who teaches economics at the LBJ School of Public Affairs at the University of Texas at Austin, is author of "Created Unequal: The Crisis in American Pay." He contributed this comment to

The guilty verdict that the war them. Despite extensive media reports crimes tribunal for Rwanda pronounced on Jean-Paul Akayesu last the time virtually all men, could not find week was the first judgment for the evidence to support an indictment. But crime of genocide under international during the trial a witness brought up law. In making rape part of Akayesu's rape in the cultural center. Questioned genocide conviction, the decision also advances the world's legal treatment of rape and sexual violence.

Akayesu, who is due to be sentenced later this month, was not accused of carrying ont rapes or killings himself. The court found that as mayor of the city of Taba in 1994 be ordered Hutu to kill their Tutsi neighbors, including children. He also encouraged and ordered the rape and murder of Tutsi women in a cultural center he controlled.

While Akayesu's convictinn com-pleted the first full trial for genocide, a former Rwandan prime minister, Jean Kambanda, pleaded guilty to genocide on May 1. On Friday he was sentenced to life in prison, the maximum punishment at the tribunal.

The greater impact of the court's Akayesu decision will likely be seen in the area of rape and sexual violence. The court declared that rape may constitute genocide if committed with intent to destroy a particular group. In this case, Tutsi women were raped to increase their suffering before they were killed.

The court also issued the first definition of rape under international law. It called rape "a physical invasion of a sexual nature, committed on a person under circumstances which are coercive." Coercive circumstances need not include physical force, the court said. Threats and intimidation would qualify. The definition is concise and broad enough to be a good guide, enabling courts to prosecute rape more easily in the future.

When charges were first brought against Akayesu, rape was not among

Herald Cribune

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MICHAEL GETLER, Executive Edito

by Navanethem Pillay, a South African who is the tribunal's only female judge, the witness gave details. Other wit-nesses followed. Largely due to pressure from women's groups, the investigators went back to ask about rape, and those charges were added. Without female judges and investigators, this cruel aspect of the Rwandan genocide might never have been addressed. -THE NEW YORK TIMES.

Other Comment 'Great Uncertainty'

From Wall Street to East Africa and the Kremlin, recent events demonstrate that the United States needs a strong, vigorous chief executive who is on top of issues and prepared to deal firmly with the next crisis. Unfortnnately, we have a president who has been damaged politically by a sex scandal and his dishonest and clumsy

handling of it. Senator John McCain, Republican of Arizona, an eminently fair person, says Bill Clinton is clearly distracted and "there's great uncertainty, which the president's weakness reflects."

Although the uncertainties of the stock market could change things, most Americans still credit Mr. Clinton with doing a good job as president and seem willing to separate that from his personal behavior. But in public appearances the president looks distracted, exhausted and, it seems to us, cinbarrassed. That stands to reason.

- Los Angeles Times.

and military campaign to in-nonviolent leader, Ibrahim Kosovo. timidate, punish, expel from Rugova, who was unofficially What their homes and make refugees

of the ethnic Albanian population of Kosovo, so as to block their independence claims. The other choice was a NATO military intervention, inevitably open to interpretation as support for the newly emerged guerrilla campaign to create an independent Kosovo, and in-

deed a "greater Albania." Intervention, it was feared, might touch off an irredentist movement among the Albanian minority in Macedonia, which might then encompass Albania itself, provoking a regional crisis implicating Greece and

Turkey.
Thanks to this dilemma, and to the habile cunning, combined with ruthlessness, which has made Slobodan Milosevic the man he is, the West has lost homes in Kosovo. The Liber-

elected "president" by the Kosovars following their loss of

autonomy in 1989. Current U.S. policy is officially described as being to combine humanitarian aid with pressure for negotiations, under the threat of NATO action. Alas, there are no meaningful negotiations, and are not likely to be while NATO does not act.

Negotiations have proved fruitless, not only because of Mr. Milosevic's obduracy but because the Kosovo Liberation Army, which demands complete independence, rejects Mr. Rngova's pacific leadership, and has yet to reveal its own leaders or to demonstrate any

interest in compromise.

It also has been driving the ethnic Serb minority out of their

perately bad, but it is so bad that it has transformed, and promises to greatly simplify, the West's policy choices.

The extent and brutality of the repression launched against the Kosovars more than two months ago has created a situation in which all of the feared regional consequences are going to arrive whatever NATO does. Hence there is no longer any reason for NATO not to intervene against Mr. Milosevic, and there are strengthened reasons

for doing so. At the very least, some 200,000 ethnic Albanians have been driven from their homes, with those homes, and often their whole villages, subsequently de-stroyed through military action. Winter arrives by October. These people now, mostly, have

Rape in Cenocide

Rape in Cenocide

The Mestern policy for Constitution of the Constit Serbia, for fear of being forced

to go back. The Yugoslav government is deliberately interfering with in-

ternational efforts to assist the Kosovo refugees. Three members of the Mother Teresa Society, the only aid agency which regularly attempts to get into the mountains where the refugees now are, were murdered before wimesses by the police on Aug. 24, while attempting to deliver supplies funded by the U.S. Agency for International Development.

The New York Times reports that aid workers believe this was part of a campaign not only to intimidate them but to keep refugees away from places where supplies are delivered. At the same time, the government has imposed a blockade on existing commercial food-distri-hution channels in Kosovo.

The Yugoslav authorities have announced that 10 "assisted points" will be designated where refugees can receive "from authorized persons" food and the material to build shelters. The apparent purpose of this is to concentrate the refugees in camps under po-

lice or army control. It seems clear that if refugees have nowhere to go in Kosovo except into concentration

bian population. These people now to halt the Yugoslav mil-are thought to be hiding inside itary offensive in Kosovo. Mr. Milosevic should go back on the list of international war criminals, where then U.S. Secretary of State Lawrence Eagleburger put him in 1992 (from which list he was later excused, when be was thought indispensable to a Bosnia settlement).

By attacking the ethnic Albarrian minority in his own country, forcing increasing numbers of them into exile, Mr. Milosevic has made an internal Yugoslav affair a matter for legitimate international attention and action.

There should be intense Western diplomatic efforts in Greece, Albania and Turkey to prepare for and contain the developing crisis, together with relief measures and political action in Albania and Macedonia to anticipate and control the Kosovars' exodus. NATO has leverage in all of these coun tries, and the job is not an impossible one.

This is not a happy prospect, but it means positive action to-dominate a foreseeable crisis and to promote a new order in Serbia — whose government has been at the source of the Balkan crisis of the past decade. This is much better than witnessing, passively, still another Balkan tragedy.

International Herald Tribune. Los Angeles Times Syndicate.

So Much for Clinton's Big Plan

OS ANGELES — In most ways, Bill Clinton and the late Richard Nixon, the extrovert and the introvert, are as different as two men could be. But in one critical public way they are the same. Both were on track to realign American politics, but each destroyed

that possibility of change. Mr. Nixon's dream was to create a new party of the center bringing together moderate Republicans and conservative Democrats from the South and from the ethnic neighborhoods of Northern cities and working class suburbs. That was the idea behind his private plans to dump his vice president, Spiro Agnew and run with a Demo-crat, John Connally, in 1972, or to endorse and promote Mr. Connally as his successor in

1976 or 1980. Mr. Nixon thought that he could be the father of a new politics isolating Democratic liberals and some of their cosmopolitan Republican friends.

With some slips and slides to the left in his first two years, Mr. Clinton was doing something similar. The difference was that by this time the South had become Republican and he was peeling off more moderate Republicans to create a coalition of the center to marginalize both the most liberal By Richard Reeves

of Democrats and the most conservative of Republicans. Watergate crushed Mr. Nixon's scheme. Any chance that Mr. Clinton had ended last Thursday when Joseph Lieberman of Connecticut rose in the Senate to say that the private conduct of his old friend and ideological partner, the pres-ident, was "inappropriate ... disgraceful ... immoral."

Mr. Lieberman's denunciation was joined then by two of the least predictable of the Democrats, Bob Kerry of Nebraska and Daniel Patrick Moynihan of New York. Oh, the irony. One of the first mistakes made in the Clinton White House in 1993 was denigrating Mr. Moynihan. If you remember, back then

an unnamed White House source was quoted in Time magazine saying of the New Yorker: "He's not one of us. ... He's cantankerous, but he couldn't obstruct us even if he wanted to. We'll roll right over him if we have to."

The world turns. Mr. Moynihan is still standing.

Mr. Clinton has a gift for triggering outrage among those who thought they were his best friends. In 1993 and

1994, the angered were his old compatriots in the Democrat Leadership Council, the most prominent architects of his political persona and of centrist 'new Democratic" or "third way" rule in conjunction with moderate Republicans.

As soon as he was elected. he turned his back on them and embraced the more liberal leadership of the Democrats in Congress, led by Tom Foley in the House and George Mitchell in the Senate. It was only late in 1994 that he realized he was going the wrong way.

He deftily spun back to the DLC and old friends like Mr. Lieberman. They are abandoning him now, for the most obvious of political reasons. They could lose their jobs. They are the members of Congress in the most competitive states and congressional districts.

Their anger at Mr. Clinton is sea-deep right now, and they live in fear that there are other shoes to drop, other women to come forward with Clinton tales.

So we have another irony, perhaps the final one. If this chase continues, Mr. Clinton will have to return to the liberal Democrats he was pushing to the margins with his 'third way" schemes.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: Dutch Queen AMSTERDAM — Amsterdam

was "en fête" yesierday [Sept. 5] when the young Queen Wilhelmina arrived in the commercial capital of her country for her coronation today. The city was elaborately decorated, the most remarkable feature of its embellishment being the predominance of the color orange. Even the dogs, cats and horses carried orange tassles. Phlegmatic Dutch men abandoned their national characteristics in giving loud expression to their enthusiasm. As the royal carriage advanced slowly, the bands played, the troops presented arms and the immense crowd sent up a great cheer of joy.

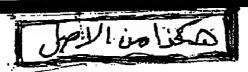
1923: Mark Slumps

BERLIN - The German financial world is suffering more violent shocks than ever, as though they were a counterpart of the

great tremors in the Far East, and in the wild whirl of speculation the values of the mark go on falling on a catastrophic scale The new ruthless policy of the Stresemann Cabinet, which was widely advertised as the only salvation of the country, has encountered insurmountable obstacles and crumpled into a mass of wreckage.

1948: Barrel of Fun NIAGARA FALLS, Ontario -

William "Red" Hill jr., a veteran riverman, navigated the whirlpool rapids just below Niagara Falls yesterday [Sept. 5] in a 1,000-pound steel barrel resembling an oversize hot-water heater. Mr. Hill slipped into the water in a quiet cove about a mile below the cataract at 3.40 p.m. Four-and-a-half hours later, as darkness feli, he reached his destination at Queenston, Ontario, seven miles downstream. Ho wasn't even scratched.



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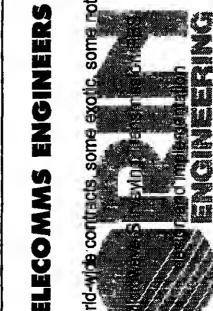
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U.S. Aborted Plan for Raid in Afghanistan to Capture Saudi Terror Sponsor By James Risen for many casualties among Americans Mr. bin Laden, a Saudi exile who lives the many and innocent Afghans. Mr. bin Laden, a Saudi exile who lives the many casualties among and innocent Afghans.

WASHINGTON — U.S. intelligence officials drew up secret plans last spring for a covert raid to capture Osama bin Laden in Afghanistan, according to senior U.S. government officials.

The officials said the planning began

after U.S. military, intelligence and law-enforcement officials concluded they had ample evidence linking Mr. bin Laden to a series of anti-American ter-

rorist atracks in recent years.

The plan, developed by the Central Intelligence Agency and U.S. special forces months before the August bombings of two U.S. embassies, called for U.S. forces to remove the Saudi millionaire from Afghanistan and bring him to justice in the United States.

the mission, which was ultimately shelved by the director of central in-

But Clinton administration officials network when bombs exploded Aug. 7 at itary officials were convinced long betwo East African embassies, killing 263 people, among them 12 Americans.
The officials' accounts of the covert

planning add a new dimension to President Bill Clinton's decision to launch a cruise missile attack against Mr. bin Laden's training camps in Afghanistan and a pharmaceutical factory in Sudan with suspected links to Mr. bin Laden's efforts to nbtain ehemical weapons.

The administration has presented the cruise missile attack as an instance nf Mr. Clinton's decisiveness in the face of terrorism. Swift retaliation was ordered, White House officials were aware of an administration spokesman said, because the evidence linking Mr. bin Laden to the bombings had come totelligence, George Tenet, and other senior officials because of the high risks because the United States had received involved. Those included the potential information that he might strike again.

his plans to attack Americans, and U.S. said they were still working to develop a authorities believe he directed the em-

broad range of other options aimed at Mr. bassy bombings. But in fact, officials bin Laden or to dismantle his terrorist now acknowledge, mtelligence and milfore the bombings that an attack against Mr. bin Laden was justified. The bombings in Africa and the speed with which investigators linked them to operatives working for the Saudi exile, officials say, gave crucial political impetus to those already advocating a counterstrike.

The precise timing and motivation of the cruise missile attack has raised questions, with some of Mr. Clinton's critics suggesting that he might have acted quickly to distract attention from his personal problems.

U.S. officials point to the fact that long-term planning against Mr. bin Laden was under way at the time of the embassy bombings as evidence that the cruise missile attack was not hastily improvised by the White House because of domestic political calculations. "These

Yet Mr. Clinton and his top aides have generally been cautinus about the use of rorist viewed as the most serious threat military force and have turned down facing American interests. other proposed covert raids to capture suspects overseas.

forces abandoned a plan to arrest Radovan Karadzie, the former Bosnian Serb leader charged with war crimes, after failing to win high-level approval for the covert operation.

The cruise missile strikes against Afghanistan and Sudan were a much lower risk operation than the proposed raid against Mr. bin Laden and did not result in any American casualties. But it also did not bring Mr. bin Laden to heel. Ad-ministration officials said that while some other terrorists were killed in the Afghan strike, Mr. bin Laden escaped unscathed. Planning of the cruise missile op-

eration was handled by a small circle of Mr. Clinton'a closest national security aides and remains shrouded in secrecy. But several administration officials last several years, the international ter-

As early as 1993, in fact, federal ofispects overseas.

In 1997, in fact, the CIA and special ficials say, Mr. bin Laden had become the subject of FBI scrutiny after the New York World Trade Center bombing.

In 1995, a back-channel meeting was held between U.S. and Sndanese officials in Europe, during which the U.S. officials warned the Sudanese that evicting Mr. bin Laden was one of several preconditions their government would have to meet before gaining international legitimacy.

A year later, Mr. bin Laden left Sudan for Afghanistan, but U.S. officials insist that Sudanese leaders never severed their ties to him.

By 1996, Mr. bin Laden had emerged as the leading target of the CIA's Coun-terterrorism Center, the government's central clearinghouse for intelligence nn terrorists. He was named in a secret presidential covert action order on terrorism signed by Mr. Clinton that au-

U.S. officials are barred by executive order from planning an assassination. But a "lethal" presidential order, or finding, is a recognition that the action contemplated could lead to some of those involved being killed. Such a find-ing would permit Mr. bin Laden's inadvertent death in a military operation against hia network.

To track his activities, the National Security Agency's envesdropping satellites were used to listen in on conversations of his operatives throughout the world, while spy satellites that take photographs from space allowed CIA analysts to monitor his training camps.

With so many intelligence resources targeted against Mr. bin Laden, CIA analysts were able to determine that in January he held a meeting with leading members of his network to prepare for a new wave of terrorism. He soon publicly announced his intentions when he issued a farwa or ediet, ealling on Muslims to

kill Americans. There were reams of intel documenting bin Laden before" the embassy bombings in East Africa, a U.S. official said. Another official said, "We've had the book nn this guy fnr a lnng time."

At some point in this period — of-ficials declined to specify when — federal prosecutors in New York nbtained a sealed indictment that charged him with terrorism crimes. In April, the chief U.S. delegate to the United Nations, Bill Richardson, traveled to Afghanistan and called on the Taleban, the fundamentalist movement that controls most of the country, to extradite him. The Taleban refused, and U.S. officials apparently abandoned diplomatic efforts to negotiate the bandover of Mr. hin Laden,

At the time of Mr. Richardsou's talks with the Taleban, criminal charges had not yet been formally issued against Mr. bin Laden in the United States, but federal prosecutors in New York were already working on a criminal case against him, officials said.

Federal prosecutors later did obtain a sealed indictment against Mr. hin Laden from a New York grand jury charging him with terrorist crimes. The indictment, returned in the months before the Aug. 7 embassy bombings in Africa, would have provided the legal basis for Mr. hin Laden's capture and arrest.

Also in this period, military and in telligence officials began drawing up plans either to capture Mr. hin Laden or to deal a blow in his network through other options under consideration.

While those plans received high-level attention, officials cantinn that it is not clear that any nf them were ready to be carried out before the terrorist attacks in Africa. As a result, officials stressed that there is no sense of regret among policymakers that they waited too long in go after Mr. bin Laden.

Kohl's Crown Prince Shines in the Polls

Many Wonder: Would Wolfgang Schaeuble Have Been a Better Choice?

By Alan Cowell New York Times Service

BONN — In dire straits, a political party taps its most popular figure to lead

the campaign to eling to power. Right?
Wrong, at least in Germany.
As this country beads for a national election on Sept. 27 that will chart its course into the 21st century, the focus for many people is on whether Chanceilor Helmut Kohl — Europe's most durable statesman — will survive.

Behind him, though, there is a figure far less known outside Germany, but just as familiar to Germans, Wolfgang Schaeuble. He is distinguished not simply because he is the only leading German politician to operate from a wheelchair, but also because the same opinion surveys that forecast defeat for Mr. Kohl define Mr. Schaenhle as the man who would have been most likely to succeed in a head-to-head challenge with Gerhard Schroeder, the opposition contender for power in the election.

The reform-minded and energetic Mr. Schaeuble is Mr. Kohl's crown prince, a marks, "I can do it best." loyalist since the 1970s within the domas his favored heir and has given sharptongued responses to those who doubt his energies or suggest that physical disability might thwart amhition.

position at some point despite the disability imposed on him by an assailant in 1990. "I probably would not resist the

Indeed, many inside and outside Mr. Kohl's party have suggested that Mr. Schaeuble should have been the Christian Democrat to meet the most serious challenge from the opposition Social Democratic Party in years. During the campaign, the underlying rivalry be-tween the men has bubbled forth in what

seemed a brutal put-down by Mr. Kohl. Not long ago, Mr. Schaeuble delicately but unmistakably addressed an issue that underpins German political cal-publicly known. culations: Is Mr. Kohl campaigning with a secret agenda in mind, seeking re-election as a short-term chancellor, only to hand over to Mr. Schaeuble if he wins?

"I am a candidate for this legislative offsets any doubts. period," Mr. Kohl snapped back, referring to the four-year terms to which German victors are usually heir, "Full stop, finish, over," he said. His reas-oning is that, as he said in earlier re-

Bnt, at 68, Mr. Kohl also seems to be inant Christian Democratic Party, He running against generational currents that from the waist down since he was shot respected even outside his own party. challenger, Mr. Schroeder, who is 54. So what does Mr. Schaeuble think?

year, auggesting that he might seek the is torn, neither easy in the role Mr. Kohl has marked out for him nor prepared for

the ultimate disloyalty to his mentor. 'A leader who has ruled for 16 years has a certain appearance of tiredness, but there are a lot of arguments that speak for Kohl at a time when many of my compatriots are fearful of change," he said, evoking the fatigue factor that many Christian Democrats prefer not to mention in public discussions of Mr. Kohl.

But "if you look at all the arguments, then you come to the conclusion that it was right to have Kohl," Mr. Schaenble said, auggesting more of an internal debate over the candidacy than had been

Mr. Schaeuble's wheelchair is seen by some analysts as an obstacle to popular acceptance of him in the top job. Others maintain that the force of his personality

The disability has brought positive sympathies," said Richard Hilmer, a poll taker in Berlin. "And what's recognizable from opinion surveys is that there's no hesitation about having a disabled person as chancellor." Mr. Schaeuble has been paralyzed

was anointed by the chancellor last year would give Mr. Schaeuble, 56, an edge in on Oct. 12, 1990, by Dieter Kaufmann, the contest with the Social Democrat who thought he was being persecuted by the government. A fast-talking politician, educated in



Wolfgang Gerhardt, left, leader of the Free Democratic Party, before an election rally Sunday in Berlin. National elections are Sept. 27.

October 1990. He had acquired an image er than Mr. Kohl seems ready to acas an adroit political manager, party knowledge as he campaigns for an un-arm-twister, conciliator and rising star, precedented fifth term.

In Mr. Schaenhle's relationship with Mr. Kohl, there is something of the good cop-bad cop. "Kohl for the heart, Schaeuble for the mind," Michael Back-

The September vote could force the Christian Democrats and Social Democrats to form a "grand coalition" similar to those that have governed Germany twice in the postwar period. In that case, The answers, provided in an interview in law and economics, Mr. Schaeuble had haus wrote in the Berliner Morgenpost. Mr. Kohl has said, he would not serve. There is one way that Mr. Schaeuble would be the obvious "Can a cripple become chancellor?" his parliamentary office before the latest played a high-profile role in uegotiating the terms of German reunification in could emerge as Germany's leader earli-Christian Democrat choice to head one.

If North Korea is one of the most

perplexing of nations, Kim Jong II is

among the most mysterious of leaders.

He has traveled outside his country

Some analysts see him as a maniac,

noting that he has been accused of kid-

napping a South Korean actor-and-act-

ress couple whose work he admired, of

planning the bombing of the Sonth Korean cabinet in 1983 and of plotting

the bombing of a South Korean airliner

in 1987. The woman wbo planted the

that Kim Jong II had ordered the attack.

ebarisma but appears to be intelligent

and relatively open-minded.

Others say that he lacks his father's

bumb on the plane, Kim Hyon Hee, said

several nnclear weapons.

only once, to China in 1983.

BRIEFLY

OSLO - Prime Minister Kjell Magne Bondevik, nn sick leave for depression after overwork, extended his ave on Sunday for a second week.

Intelligence experts say that he may have "He needs a hit more time," the acting prime minister, Anne Enger Lahn-stein, told NRK public television.

She said she expected Mr. Bondevik, an ordained priest in Norway's state church, to be back long before the budget is presented Oct. 5. (Reuters)

Kabila Will Be Head Of Peace Delegation

KINSHASA, Congo — President Laurent Kabila will lead the Congolese delegation at talks in Zimbabwe on Monday aimed at ending civil war and foreign intervention in the former Zaire, a senior

aide said Sunday.
"The president will be there," said. the information minister and government spokesman, Didier Mumengi. He said Mr. Kabila's presence wnuld underline his country's view of the talks as an important step to ending conflict in the Central African region. (Reuters)

Jordan and Turkey Call for Security Plan

AMMAN, Jordan — Jordan and Tur-key called Sunday for closer cooperation among Middle Eastern countries to conbat terrorism and bring stability to the vnlatile region. The prime minister of Turkey, Mesut

Yilmaz, reaffirmed that increased security cooperation between his country and Israel should not been seen as a threat to Arab states.

Sitting at his side, the prime ministration of Jordan, Fayez Tarawneh, said, We are not part of any coalition or any alliance of a security nature." But, he added, the reginn needs 'comprehensive' security cooperation that would contribute stability to the region. (AP)

Israeli Leader Expects New Wave of Russians

JERUSALEM - Prime Minister Benjamin Netanyahu warned his cabinet Sunday that Israel must prepare for a new wave of Jewisb immigrants from Russia following the current economic crisis. He did not specify what he bad in

Immigration from the former Soviet Union to Israel bas been falling in recent a years after reaching a peak at the beginning of the 1990s, after the collapse of the Soviet empire,

Kinkel Assails A U.S. Envoy Over Kosovo

SALZBURG, Austria — Foreign Minister Klaus Kinkel of Germany lashed nut Sunday at the U.S. special envoy for the Kosovo crisis, Christopher Hill, rebuffing his accusations that Europe was indiffer-ent to the fate of the Serbian province and its ethnie Albanians in

their struggle for independence.
Angered by criticism from the
American diplomat, who has
sbuttled between the Yugoslav negonators and the Kosovo Albanians in search of peace, Mr. Kinkel be-rated Mr. Hill for a "cynical and condescending" attack unworthy of an ambassador.

Mr. Hill is the U.S. ambassador to Macedonia but has taken on the Kosovo problem as well.

The German foreign minister said that the European Union ought to appoint its own "special envoy to Kosovo, a la Hill," to belp achieve a settlement to the seven-month-old 'I think we can and must show

the flag down there much more." Mr. Kinkel told reporters at a meeting of EU foreign ministers. It is "not right," he said, for Europe to leave the field alone to Mr. Hill.

In a speech Friday in the United States, Mr. Hill eharged that EU governments were indifferent to Kosovo and content to congratulate

themselves on forging a so-called "united Europe" that conveniently leaves out the troublesome Bal-

kans.
"We are not the world's police-man," Mr. Kinkel snapped in re-He insisted that no nne who had

witnessed Europe's tremendous efforts in troops and investment to bring peace to Bosnia should dare cast doubt on the EU's commitment to Balkans peace and stability.

Mr. Kinkel said he was exasperated by constant criticism of the EU for not resolving all the world's

conflicts. "Such crises cannot be resolved from one day to the next," he said, likening Kosovo to Congo or Sn-dan. "We need a bit of patience."

EU Air Curb Approved

ported from Salzburg.

Three months after the European Union said it would halt commercial flights to the two Yugoslavia members - Serbia and Montenegro — the measure was finally approved Sunday when Greece dropped its last-minute re-servations, The Associated Press re-

KOREA: Kim Il Sung, Dead for Four Years, Is Elected 'Eternal President' in the North **Continued from Page 1**

Under the new constitution, the tasks of receiving ambassadors and represent-Presidium of the Supreme People's As- North Korean.

sembly, the legislature. The president of that presidium will minister, a man who has no power base of his own but is experienced in di-

Kim Yong Nam, who is unrelated to Kim Jong II (Kim is the most common Korean family name, beld by 22 percent of all Koreans), is now ranked Nn. 2 in

Continued from Page 1

worked aix years in a cigarette factory and did not consider herself poor. But

she and 100 others who used in turn

tobacco leaves into cigarettes lost ev-

erything almost overnight when the fac-

tory shut down. She is selling her pos-sessions one by one to keep going. She is

"You sell whatever you have. If you

The crash has exposed how vulner-able people were. Many borrowed far

have chickens you sell ehickens. If you have chickens you sell ehickens. If you have chickens you sell ehickens. If you have rabbits, yon sell rabbits," she said, adding to the chorus of people who say it is humiliating and depressing to go from comfort to need overnight. "I cried. I tried to commit suicide. I wanted to escape from this world."

The crash has exposed how valuer.

The crash has exposed how valuer.

charisma or power from the air of mystery that surrounds him.

North Koreans are expected to conterposition for the previous ruler.

The official KCNA press agency described in the highest form the highest from institutions but from the highest
time to focus their cult of personality on scribed the move Sunday as "a historic pragmatic. ing the state for diplomatic purposes will the father, whose face continues to adorn event and great jubilee of the nation, be taken over by the president of the the badges worn by nearly every adult But the son, known as "Dear Leader" while his father was alive, is also now

he Kim Yong Nam, the previous foreign referred to as "Great Leader" — although the Korean phrase used for the son is different from the one reserved for the father - and the North Korean anthorities are hailing his rise to head of state as a major national triumph. North Korea became the first Com-

munist country to transfer government

matter of weeks they alid from a good

life to borrowing to pay for groceries and sleeping on the mats and floors of relatives to avoid paying rent.

"For the last 30 years, it was growth,

growth, new jobs, new jobs, so people all became middle elass," said Kim Young Jin, president of Jindo Corp. in Seoul, a

once-thriving company that makes com-

ing in the lobby of the Seoul Christian Hospital have slipped from comfort to

able people were. Many borrowed far more than they had saved, so office clerks, bank tellers and construction and factory workers who had grown accustic money they are owed. And more the money they are owed. And more weeks.

which gives a definite guarantee for certain victory in the revolutionary struggle of the Korean people." South Korea, for its part, urged Mr.

Kim to be "responsible" and to stop building up his country's armed forces at a time when many North Koreans are

The announcements over the week-end, and the consolidation of power by Kim Jong II, ends the four-year inter-regnum left by the death of Kim II

nf all Koreans), is now ranked Nn. 2 in
North Korea's hierarchy.

It is not clear wby Kim Jong II is so
reluctant to meet foreigners and appear
in the public eye. But a top North Korean
official who defected to the South,

official who defected to the South, In effect, Mr. Kim will govern in deam. But some say that the coronauou Hwang Jang Yop, has argued that Kim much the style of an ancient Korean of a new king permits the country to king, ruling absolutely and inheriting experiment carefully with new policies. ASIANS: Economic Crisis Shatters Lives as It Hits Middle Class

The first attempts at quantifying the

human suffering in terms of school drop-outs and child labor, rising medical

problems, poverty and bunger are now being made by the World Bank, Oxfam

and other international relief organiza-

tions and the individual countries them-

selves. In interviews with those con-

ducting the surveys, all indications are that the human aftershocks of the crisis

"It's no longer a question of whether the region will recover in one year or

two, but whether the recovery will come

in 5 or 10 years," said Charles Morrison, president of the East-West Center.

as if nothing had happened.

have been underestimated.

Gadhafi Sees Trial tomed to nightclubs and cellular tele-phones had little to fall back on. In a nld jobs back and re-enter their lost lives As 'Transit Point'

TRIPOLL Libya — The Libyan leader, Moammar Gadhafi, has rejected the terms of an American and British nffer to try two Libyan suspects in the Pan Am bombing case in the Netherlands, but a Scottish defense lawyer suggested that he was simply bargaining.

In a speech late Saturday, Colonel Gadhafi accused Washington and London of Trains and London

and London of trying to use the Netherlands as "a transit point" in The offer calls for the trial of the two Libyans — Abdel Basset Ali Megrahi and Lamen Khalifa Fhi-

megrani and Lamen Khalifa Fhi-mah — at The Hague. If found guilty, they would be transferred to Britain to serve their time. The 1988 bombing of the Pan Am jet over Lockerbie, Scotland, killed 270 people. Colonel Gadhafi told a gathering here that this was not the trial in a

here that this was not the trial in a third country that Libya had de-manded but a deal "to make the third country a transit point to transfer the accused to Britain." He said Libya would "go tomor-

row to the Netherlands, provided that the Netherlands is the last stop in case of acquittal or conviction. In Edinburgh, the defense lawyer Alistair Duff said that Colonel Gadhafi had appeared to be saying that in principle, the idea of a trial "is not unacceptable."

Mr. Duff said the Libyan leader

had meant "that there need to be clear guarantees and assurances about the risk of extradition passing the two accused on to some other country."

IRAN: Buildup Underlines Hostility Between Tehran and Taleban patch from Pakistan. "It has thousands of fighters exiled in Iran and all it has to do is rearm them and relaunch them." which was a rebel headquarters until it was captured by Taleban forces on Ang. 8. That city was also the base for the Iranian Continued from Page I possible scenario remained for Iran to

provide military support for a limited thrust into southwestern Afghanistan in which the lead would be taken by several thousand exiled Afghan fighters who have been given refuge in Iran. Mohammed Sayed Said, a senior re-

forcing Taleban to turn its attention heran-based diplomats who have spoken Hazara ethnic minority.

Because Iran portra thus prevented the movement from consolidating its hold over Afghanistan.

rearm them and relaunch them." Only Pakistan, the United Arab Emir-

ates and Saudi Arabia recognize the Taleban movement as Afghanistan's legitimate government; the United Nations and all other UN members rec-Mohammed Sayed Said, a senior re- ognize the deposed president, searcher at the Al Ahram Center for Burhanuddin Rabbani. Bnt along with Strategic Stodies in Cairo, said that even Russia, Iran has been among the most such a "very limited operation" could active in providing support to militias serve Iran's purposes if it succeeded in opposed to Taleban, according to Te-

> Although Tehran has denied the charge, the diplomats say that in the past

diplomats and an Iranian journalist who have been missing since the takeover.

The Taleban leader, Mullah Mohammed Omar, has said that the dip-

lomats were "probably dead."

Also contributing to Iranian anger was a report last week from Amnesty International that among thousands civilians killed in the capture of the city, most were Shiites from Afghanistan's

Because Iran portrays itself as a guardian of Shiites worldwide, specialists in the region said it may feel under "Idon't think Iran has to do anything," two years Iran had regularly used military said Ahmed Rashid, a writer on Afghan aircraft to fly military and other supplies it can be proven that the Shiites were affairs who was quoted in a Reuters dis- to the northern city of Mazar-i-Sharif, targeted for reasons of religious faith.

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Tor Sponsy A Grim Austerity Settles Over Russia's 'Xanadu' A Grim Austerity Settles Over Russia's 'Xanadu' Vladimir Ivanov at his fur-hat stale in most the case, Customers shy

Washington Post Service

MOSCOW - Uotil the ruble started to collapse in mid-August, Moscow wore a mask of prosperity. It was a place where shortages of food

and consumer goods had become a dim memory, where jobs were plentiful and where well-stocked storefronts, pricey restaurants and brightly illuminated billboards proclaimed an era of prosper-

Xanadu on the Moscow River, some called it.

Now, in a matter of just a few weeks, Russia's proud capital has been humbled by an economic crisis that brought back memories of hard times. Dreary ghosts returned in the form of food hoarding and barren store shelves.

The arrival of a truck full of potatoes from the conotryside is again an oc-

from the countryside is again an oc-casion for a rush of buyers.

With the daily value of the national currency anybody's guess, dollar hunt-ing has become a city sport, and for-eigners are again accosted on the street by black-market traders on the lookout for the coveted currency.

For many Muscovites, the daily linear of anxious clients at banks and

lineup of anxious clients at banks and Soviet days of bread lines.

Merchants in modest outdoor farm markets and posh marble shopping malls alike bemoan the disappearance of customers.

Even Moscow's customary municipal swagger took a hit. The weekend's annual Founder's Day festival was reduced to a pitiful shadow of earlier anniversaries: For lack of money, city hall even canceled the fireworks dis-

play.
"You know things are bad here when they cancel the fireworks," said Dmitri Bogdanov, a shopper at the Dynamo Stadium outdoor market. "Here, as we say, the mayor lights fireworks to cel-ebrate sunrise, so you can imagine how it pained him to call this off."

The Dynamo market is one of scores of markets all over the city filled with traders who haul in goods from the frontiers or purchase imports from legions of wholesalers, Imports are Moscow's lifehlood.

Saturdays are hig shopping days in Moscow, so it was easy to take the pulse buyers and peddlers alike. Women gazed open-monthed at displays of cans of coffee priced at the ruble equivalent of \$20 — rubles have dropped in value to about 17 to a dollar. In mid-August, The rate was roughly 6.5.

Shoppers clucked at Danish pig

early Angust price.
"The price will go up next week," said Mirab, a butcher from Azerbaijan. "Each day I have to adjust the price. And my supplier says that he doesn't know how long he can continue to bring in the products. People are buying less, he is running out of rubles and, of course, the Danes want only dollars."

The Azerbaijani said his customers were buying fewer, and cheaper, cuts of meat. "They say they will feed their families on only rice if they have to," he

At a row of mini-boutiques that sell Italian-made clothes, Nadezhda Subotina gloomily pondered a quandary: Sales are off, but she is reluctant to raise prices and risk scaring off more cus-tomers. Yet she needs more and more rubles to coovert into dollars to contince buying imported clothes.

rest of the money to complete the pur-chase." she said. "I'm afraid my \$23,000 may turn oot to be a gift to the

She and other merchants at Dynamo complained that the uncertainty about the future of the ruble compounds their problems. "It's hard enough to set prices today, much less think about tomorrow." said Marina Zhurablyova, who sells Barbie dolls.

She said she used to sell about five Barbies a day, but now sells three. Moreover, in dollar terms, she is making far less because she is reluctant to raise prices for fear that customers will disappear entirely. "I'm in a trap and I can't get out until I know what the future

The Duma is scheduled to vote on Mr.

Mr. Chernomyrdin sent a message

The letter was a response to Britain's

decision to call an emergency meeting of other members of the G-7 industrialized

countries to discuss how to help Russia's

Chernomyrdin later in the day.

reported.

next season's fashions, and I have no idea how I'm going to come up with the that is not the case. Customers shy away from his products because they must limit purchases to those fulfilling basic oeeds, he said. "Is a fur hat the thing I buy in this situation?" he said. "No. 1 buy flour and sugar. A fur hat is no good

on an empty stomach." Newspapers that only a few weeks ago issued dreamy advice on how to furnish homes and dress like fashion models now offer tips on how to survive hard times.

Last week, Komsomolskaya Pravda cautioned consumers to be careful when trading rubles on the street. Swindlers. the paper said, sometimes conceal false bills in the middle of piles of real ones and disappear quickly after a transac-

serious economic and political crisis

December 1991.

since the collapse of the Soviet Union in

Ever since Mr. Yeltsin fired the pre-

vious cabinet, which was headed by

Sergei Kiriyenko, the country has been

groping its way through the crisis with-

The political opposition hlames Mr.

out an effective government.



bles to coovert into dollars to continue ying imported clothes.

The paper also gave advice on the ying imported clothes.

The paper also gave advice on the best foods to hoard. "Rice, for example, outdoor market in Moscow on Sunday. Prices are going up every day.

Under the consotution, Mr. Yeltsin

has three chances to propose a printe

ministerial candidate. It Parliament

new elections, a development that could add to the current turmoil.

Duma, Svetlana Gorvacheva, appealed

to all sides to reach an agreement, the

6 to the U.S. dollar (16 cents each) just

last month, was down to about 18 to the

dollar (5.5 cents) in street trading on

unrest, but Mr. Yeltsin's most radical

on Monday, including the surprise pos-

sihility of Acting Foreign Minister Yevgeni Primakov. Reuters reported from

Aoscow. The NTV station on Sunday broadcast

nadi Zyuganov, talking to party mem-

bers in Parliament on Friday and men-

tioning five possible alternative candidates to acting Prime Minister

Chemomyrdin, including Mr. Pri-makov, a former head of the security

police. The television station used a

The crisis has not vet caused serious

Interfax news agency reported.

Sunday, and has yet to stabilize.

The Communist deputy speaker of the

The ruble, which was trading at about

BRIEFLY

Adams Not Saying IRA Will Disarm

DUBLIN - Gerry Adams, the president of Sinn Fein, the political wing of the Irish Republican Army, said Sunday that he could not guarantee that the IRA would agree to disarm during the negotiations in the new Northern Ireland Assembly.

The IRA said last week, timing its statement to President Bill Clinton's three-day visit to Ireland, that although it found the new Northern Ireland peace agreement a "significant development," it had no plans to disarm.

Disarmament is the next major hurdle for the Assembly, a mixture of Roman Catholic and Protestant politicians charged with putting into effect the peace agreement approved by leaders in April. It was overwhelmingly approved by voters in the mostly Protestant British province of Northern Ireland and here in the overwhelmingly Catholic Irish Republic.

Mr. Adams' hard-line statement contrasted with his remarks on the eve of Mr. Clinton's visit, when he emphasized that sectarian warfare was a thing of the past.

Defeat in Malta

VALLETTA, Malta — Prime Minister Alfred Sant of Malta resigned Sunday after conceding defeat when early results from the electioo Saturday showed that the pro-Europe opposition Nationalist Party was ahead. The Nationalist Party leader, Ed-

die Fenech Adami, was prime minister for nine years until he was ousted by Mr. Sant in the 1996 election. Officials said they expected him to be swom in Monday and that he would form his new cahinet the next day,

Pay Cut for Queen

LONDON - The British Treasury is planning to cut the queen's anoual pay raise in a radical reform of royal finances. The Sunday

Times reported.
The chancellor, Gordon Brown, is said to be appalled that the royal family has been getting an annual 7.5 percent increase in state funding. He is reported planning to cut the pay rise to 2.5 perceot, starting

be prived a control of the color best of the indicate and the control of the cont

Chernomyrdin Affirms Russia's Links to the West

The Associated Press cow, Yuri Luzhkov, and leaders of Rus-MOSCOW — Russia still wants aid sia's two largest trade unions.

The Associated Press cow, Yuri Luzhkov, and leaders of Rus-new government once it is formed. Russia is in the midst of its most prime minister for the economic crisis. and cooperation from the West, Acting Prime Minister Viktor Chernomyrdin said Sunday on the eve of a crucial meeting that could help determine the course of Russia's next government.
"Russia is now enmeshed in the glob-Sunday to the finance ministers of Britain, Germany, France and Italy saying fall, with the government devaluing the must dissolve the legislature and call that 'with the help of the international ruhle and effectively defaulting on for-

that 'with the help of the international ruhle and elegation of the international ruhle and elegation with the help of the international ruhle and elegation with the situation," Russian oews agencies

Ever since al financial system and this system doesn't want any collapse." Mr. Chernomyrdin said in an interview on the popular television program "Itogi."

He said that Russia needed, at the least, to double its gold and foreign currency reserves, preferably through assistance from the "global financial system '

His remarks were the latest effort by Mr. Chernomyrdin to reassure Western governments and Russian reformers that he hoped to avoid retrenchment into Soviet-style economic isolation, which some people have predicted.

Monday with lawmakers and trade union leaders in an attempt to agree on forming a new government, his press service said. Mr. Yeltsin proposed the meeting on Friday, prompting lawmakers to post-

pone a second vote oo confirming Mr. Chernomyrdin. The Communist-dominated Duma, the lower house of Parliament, has

Mr. Yeltsin's information office said ficarts on sale at 28 rubles a kilogram each house of Parliament, along with billion at the present exchange rate) (about 13 rubles a pound), double the Mr. Chernomyrdin, the mayor of Mosfrom German banks.

Bonn Balks on Debt Moratorium for Russia Compiled by Our Stoff From Dupatches

Sunday proposals that Western coun-should give "some kind of considertries should grant Russia a moratorium ation" to ease Russia's obligations to President Boris Yeltsin will meet on foreign debts to help solve its present economic crisis. 'I don't think a moratorium would be

right," Mr. Kinkel said at an informal meeting of European Union foreign ministers. "We must help Russia in difficult times, but we mustn't immediately move toward a moratorium." Mr. Kinkel said that Russia had been a

reliable debtor over the years and that it omy. was important that Moscow continue to already rejected Mr. Chemomyrdin make payments on its debts to Ger-

a la la distribilità de la contrata de la contrata del contrata de la contrata del contrata de la contrata de la contrata del contrata de la contrata del la contrata del la contrata de la contrata de la contrata de la contrata de la contrata del l

many.

Russia has received loans totaling he would meet with eight members of about 54 billion Dentsche marks (\$31

The minister was responding to a sug-SALZBURG — Foreign Minister gestion by his Italian counterpart, Lam-Klaus Kinkel of Germany rejected on berto Dini, on Saturday that the EU make payments on foreign debts.

Foreign ministers were expected to end their two-day meeting with a declaration urging Russia to get a functioning government in place quickly and to proceed with economic reforms.

to stay the course oo economic reforms and oot to "revert to a command econ-The statement added: "We see a con-

tinued reform process as an expression and market economy and the integration sibility for these reforms lies with Rus- powerful long-range microphone to re-

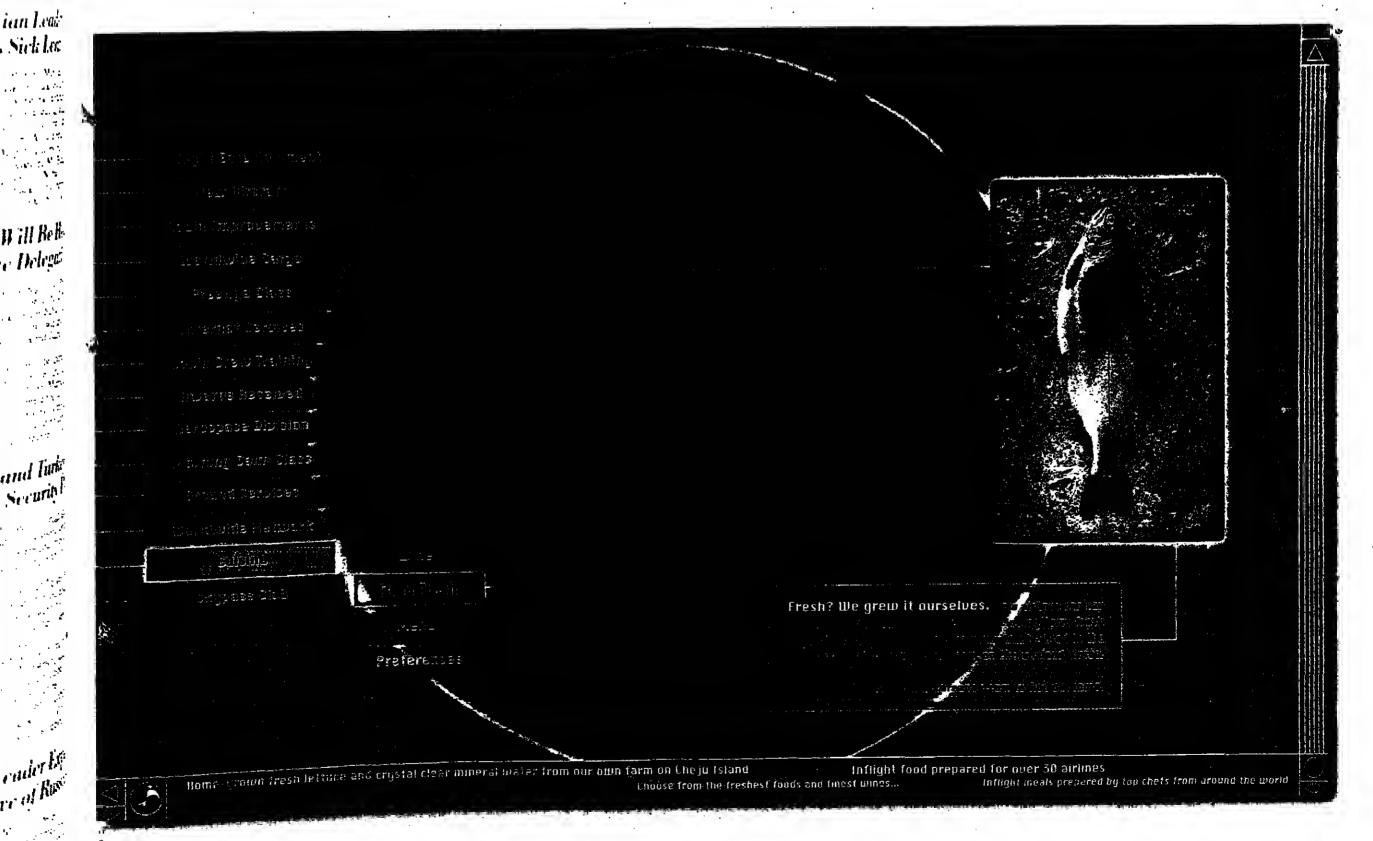
opponents have tried to exploit it. ■ Surprise Name Is Added to List The Communists intend to present President Yeltsin with a series of alternative candidates for prime minister

The economy has been in a virtual free votes "no" three times, the president

The foreign ministers urged Moscow a video of the Communist leader. Gen-

of Russia's commitment to democracy into the world economy. The respon-

(Reuters, AP) cord Mr. Zyuganov's remarks.



KOREAN AIR BEYOND YOUR IMAGINATION

By Rick Lyman New York Times Service

Akira Kurosawa, 88, who personifed Japanese movies to most of the world and who grew into one of the handful of truly important directors that the cinema has produced, died of a stroke Sunday at his home in Tokyo, his family said.

Mr. Kurosawa, the son of a military institute's athletic instructor, stumbled into filmmaking after failing as a painter and became one of the colossal figures in film history. He was an autocratic perfectionist with a painter's eye for composition, a dancer's sense of movement and a humanist's quiet sensibility. Dozens of directors spanning two generations have acknowledged his enduring influence on their work.

When Mr. Kurosawa's "Rashomon" reached Western audiences in 1951, little was known outside Japan about the country's cinema. That changed overnight with "Rashomon," a compelling study of ambiguity and deception that provides four contradictory accounts of a medieval rape and murder recalled by a bandit, a noblewoman, the ghost of her slain husband and a woodcutter. The characters, Mr. Kurosawa said, have a "sinful need for flattering falsehood" and 'cannot survive without lies to make them feel they are better people than they really are." Mr. Kurosawa's calculated blend of Japanese

folklore with Western acting styles and story-telling techniques provided a link between the two worlds, reintroducing Japanese culture to a postwar global sudience and leading to an amazingly fertile decade that saw the director produce several films that have widely been acclaimed as among the finest ever made, including "Seven Samurai," "Ikiru" and "Yojimbo."

"I suppose all of my films have a common theme," Mr. Kurosawa once told the Japanese film scholar Donald Richie. "If I think about it, though, the only theme I can think of is really a question: Why can't people be happier together?'

Mr. Kurosawa's interests in Western literature, Japanese folktales and American westerns led him to diverse source material. He was a master of both of the most popular Japanese film genres of his era, the jidai-geko, costumed action film involving medieval samurai and the gendaigeki, a more realistic, often domestic, drama rooted in contemporary life.

In her introduction to "Voices from the Japanese Cinema" (1975), Joan Mellen wrote: "It is possible to draw a line from Kurosawa's finest film, 'Seven Samurai,' which Donald Richie has called the greatest Japanese film ever made, back to Daisuke Ito's 'Man-Slashing, Horse-Piercing Sword' in 1930. But if Ito created the genre of jidai-geki, Kurosawa perfected the form and gave it so deep a historical resonance that each of his

jidai-geki has contained within it the entire progress of Japan from feudal to modern times.

Mr. Kurosawa chafed when Japanese critics described his work as too Western. "I collect old Japanese lacquerware as well as antique French and Dutch glassware," he said. "In short, the Western and the Japanese live side-by-side in my mind naturally, without the least bit of conflict."

Stories of his perfectionism are plentiful. He once halted production to reconstruct a hugely expensive medieval set because he noticed a nail head was barely visible in one shot. For the climax of "Throne of Blood," his 1957 samurai version of "Macbeth," he insisted that his star. Toshiro Mifune, wear a protective vest and perform the scene while being shot with real arrows.

On the set, where he rarely brooked dissent, he developed his own technique that allowed him to edit each day's scenes that night and be finished with a rough draft of the film within hours of shooting the final scene. He would rehearse all of the scenes meticulously, sometimes for weeks, then shoot them from beginning to end, using three cameras positioned at strategic points. "I put the A camera in the most orthodox positions, use the B camera for quick, decisive shots and the C camera as a kind of guerrilla unit," be said.

While he was quite strict with his technical crew, he was more patient with actors. He described his approach this way: "Unless you can see, as an actor, what the director is trying to express simply by how he looks and acts himself, you are going to miss the finer points. When my cast and I are on location, we always eat together, sleep in the same rooms, are constantly talking together. As you might say, here is where I direct.'

The approach paid off with an intense loyalty. Kyoko Kagawa, who starred in "The Lower Depths' (1957) and the contemporary thriller "The Bad Sleep Well" (1960), told an interviewer. "It is only when I work with the Kurosawa group that I feel fulfilled as an actress and coupled with that is the feeling of relief that I know when I see that Kurosawa is satisfied."

Perhaps the greatest loyalty was between Mr. Kurosawa and Mr. Mifune, his most famous star. Mr. Kurosawa made 17 films between 1948 and 1965, and all but one of them starred Mr. Mifune. But the director and his top star had a falling out following the making of 1965's "Red Beard." partly because of Mr. Mifune's desire to mount his own productions and partly due to his annoyance over what he saw as Mr. Kurosawa's growing perfectionism. They never worked together again; Mr. Mifune died in 1997. Mr. Kurosawa global fame was not always

matched by popularity at home, and Japanese audiences seemed to tire of his costume epics. Financial reversals following the release of "Dodeskaden" in 1970 combined with a per-

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Mr. Kurosawa directed his last film in 1997.

sistent and painful ailment (later diagnosed à gallstones) led him to attempt suicide in 1971.

Though he recovered, he seemed changel After having made 22 films between 1946 and 1965, he made only five in the 28 years following "Dodeskaden," although two of them, the epic "Kagemusha" (1980), centered on a thief feudal Japan who becomes heroic after assun the identity of a dead warlord (1980) and "Ran (1985) are considered among his finest works

I had

LANGUAGE

Double Entendres for Dummies

By Taras Grescoe

NEW YORK — In a television pro-file, Sting argued that he was more than just a pretty face. "Rock stars and footballers are supposed to be idiots savants," he trilled. "We're not supposed to have read Proust." Monsieur Sting's erudition may indeed be staggering, but chances are idiot savant didn't come into his vocabulary by way

First coined in 1887 by the British doctor J. Langdon Down (he of the famous syndrome), the expression doesn't particularly benefit from a Gallic accent — since it is virtually nnknown in France.

The same goes for double entendre and affaire d'amour. At SoHo galleries, such expressions give one's dialogue a cachet, a certain je ne sais quoi (n'est-ce pas, chéri?). At a Bastille vernissage, they'll provoke embarrassing silences and incomprehension.

Whether it is French or English doing the borrowing, most loan words should be handled with more than a

soupçon of suspicion. Terms like le fastfood, le jogging and le weekend are routinely cited as examples of how, faced with a changing world tragically tongue-tied by a rigid, rule-bound lexicon, the French are forced to borrow words wholesale tail parties and in op-ed pieces. fre:a the more dynamic, flexible Engii.r. Unfortunately, the "English" that French people speak is a bizarre vilgin that would be Greek to anyone

burn on this side of the Atlantic. Farisians expect Anglophones to understand them when they accuse one another of snobisme or complain about

The German linguist Herbert Pilch called this process pseudoborrowing and noted that it was endemic among the sesquilingual of Europe -- his name for those who have mastered one and a half languages. Pilch argued that since English had become Europe's de facto second language, speech peppered with Anglo-Saxon expressions was becom-

ing a hallmark of a higher education. The problem, he pointed out, was that though many Europeans had at one time out of French idiom. studied English, they retained only a superficial knowledge of it. Since the sesquilingual in Europe aren't routinely in contact with native English speakers, they chatter away in quasi-English without fear of correction or contradiction.

cuous language — isn't guilty of too ci, comme ça. much pseudoborrowing, at least when it comes to French. The sad fact is, since of inventing words that look foreign.

haul out aging French expressions, accents and italies intact, for ostentatious display at gallery openings and cock-A little linguistic knowledge can be a

useful thing. The next time you find yourself buttonholed by a tiresome snob proud of his repartee (that's répartie in Paris), you might want to feign incomprehension of some of his more egregious and obsolete Gallicisms.

of a mere shake-hand. After all, these are English words with an impeccable reply: "Ohhh, you mean you chose a pedigree — or so most French people seem to think."

Taken aback, he'll scold you for not having heard of his book, a literary nonpareil that was a real succès de scandale thanks to its cast of outré characters.

Imitate his pronunciation of "oootray," arch an eyebrow and ask him what his characters were so outraged about. After suggesting that he meant to say outrancier — which is closer to outrageous — and une chose sans pareille, ask him to explain succès de scandale. The expression has dropped

There's no question that our language would be better off if a few such overused expressions were bundled np and forcefully expatriated via Concorde and Eurostar Express. "That's life" and "so-so" would get along just Strangely, English — which has fine without their pretentious Conti-earned a reputation for being a promis-nental cousins c'est la vie! and comme

A few French phrases, however, express ideas more succinctly and evocmost North American English speakers 'atively than any in English and deserve can only dream of speaking one and a to be coaxed into day-to-day use. I'd half languages, they're hardly capable like to be able to chambrer a bottle of wine, for example — bringing it to Native English speakers prefer to room temperature sounds like too much trouble. Sleeping off that same bottle the next morning has something sordid about it, but I could cuver any amount of Bordeaux with dignity.

Most of all, I miss being in a country where sleeping in after a night on the town — une grasse matinée after une nuit blanche - is not a sign of shameful sloth but a national pastime.

If he mentions, for example, that he Grescoe, a writer working on a book how it's impossible to tent a luxurious chose a nom de plume that reflected the about contemporary Quebec, wrote apartment de standing on the strength sophisticated milieu of his first novel, this for The New York Times.

William Safire is on vacation. Taras

BOOKS

A FATAL FRIENDSHIP Alexander Hamilton and Aaron Burr

By Arnold A. Rogow. 351 pages. \$27.50. Hill & Wang. Reviewed by Sarah Booth

DELICIOUS appetizers abound in Arnold Rogow's fascinating book, which includes sensational sex and amorous euphemisms to rival our own. The main course offers new political parties, allegations of treason and fraud, constitutional controversy, duels, conspiracies and rumors.

Rogow, a poliocal scientist and author of six earlier Friendship" is no one-night books, writes evenhandedly about both Alexander Hamilton and Aaron Burr, dutifully quoting contemporaries who knew them, as well as historians favorable to each. Still, his sympathies seem to poignant, hilarious and re-lie with Burr. (Mine, too, vealing quotations and medbolstered by Hamilton's presumptuous and unctuous letters in the University of Virginia's George Washington papers.) But Hamilton's reputation persists, Rogow admits, thanks to 'his writings and services in the public interest ... far exceeding those of Burr and surpassing any other contemporary."

Hamilton, a monarchist at heart, edited and wrote a third of the 1788 Federalist Papers, was instrumental in the ratification of the Constitution and in establishing a federal government. He became the first secretary of the Treasury, and founded the first federal bank. Burr earned his highest post in 1801: vice president to Thomas Jefferson. The author submits that the

two had many similarities, both in appearance and desires, though their different heritages probably were the source of Hamilton's envy and animosity.

Hamilton was illegitimate, the son of a West Indies mother accused of "whoring," and a father of unsure identity. Rogow dismisses the old rumor that Hamilton was George Washington's son; unlikely because Martha had tion and comfortable means," graduated from the College of New Jersey in Princeton. Hamilton's applirejected. Burr's Quebec exsuccesses, made Hamilton feel cheated, and being Washaide-de-camp kept him from

the chance to win battlefield Be warned: "A Fatal read, and is slowed by irresistible temptations to consult 12-page index and 44 pages of notes. The text proper contains page after page of

political figure suffered from a super abundance of secretions ... he could not find whores enough to draw off."

four children by her first hus- retort that "when a woman band and because small pox in does me the bonor to name me his youth appears to have as the father of her child, I rendered Washington sterile. trust 1 shall always be too offered as evidence by Hamil-Burr, 'son of a mother and a gallant to show myself unfather of impeccable reputagrateful for the honor." Excerpts from Hamilton's

found time to write the "Fedcation to Burr's college was eralist Papers," or, as is alleged, Washington's farewell ploits, among many martial address. Several letters aim at keeping his wife Betsy in Alfeel cheated, and being Washington's Revolutionary War in Philadelphia. Others were written to Betsy's sister, Angelica, who was in England with her husband. These entanglements were not without consequences: What Hamilton called his "amorous connection" with Maria Revnthe five-page hibliography, olds, a Philadelphia married woman, resulted in a nearduel with James Monroe, who was rumored to be involved with Maria Burr was peacemaker in that instance

love letters to various women

made me wonder how he

itations. A small sample: Rogow believes John Adams meant Hamilton when blackmailed Hamilton for half has slain more than the Adams said that a leading of his annual salary. Reynolds sword." Or as Andrew Jackalso charged that Hamilton made "several very improper transactions" as secretary of the Treasury. James T. Cal-A Burr anecdote cites his lender, a vicious character as-

sassin journalist, published letters and receipts from both Reynoldses, which were then ton. Burr was Maria's attorney in her divorce suit, causing Hamilton to suspect an affair between the two. In 1804, the infamous Hamilton-Burr duel was said to be triggered hy an unforgivable insinuation (never revealed, but thought by some to be incest) about Burr and his much-beloved daughter, Theo.

Rogow cites Henry Adams's view that Hamilton suffered manic depression following his son's death, his daughter's insanity and the decline of the Federalist Party. He may have deliberately forfeited his life at Burr's shot to cause him to be charged with murder.

Allegations against Burr of treason and conspiracy, his vindication, marriage to and divorce from Madame Eliza Beginning in 1791, Maria's Bowen Jumel are briefly husband, James Reynolds, noted. As Burr said, "slander son put it, "Hamilton dead would prove a much more dangerous enemy to him than he ever could have been alive." Washington Post Service

BRIDGE

By Alan Truscott

THE World Mixed Pair Championship, was the opening event of the 1998 world championships in Lille, France. It was won by Ant-onio Vivaldi and Enza in spades and Joan Morse had France. It was won by Ant-Rossano of Italy. The runners-up were Marc Bompis and Claude Blouquit of France, with two Danish experts, Jens and Sabin Auken coming in third.

In the World Par competition the winner was Michael Rosenberg of Tuckahoe, New York. Two other American experts, Bart Bramley of Chicago and Eric Rodwell of Naperville, Florida, finished second and third. The winner won a prize of \$35,000.

In the diagramed deal from ted in six no-trump. That the Mixed Pairs, two American pairs were in opposition. Dan Morse, sitting East, bounced into six no-trump after his left-hand opponent, scoring. Fred Stewart, opened an exovercalled in hearts. This

trick. However, the North player, Marinesa Letizia, ventured seven spades. Now the question was, how many down would seven spades go? Stewart lost six tricks: two trumps, two clubs, and one in each red snit. That was a penalty of 1400, just slightly better than the score 1440 that East-West would have collec-

would have succeeded, since

the declarer only loses a heart

would not be important at imp scoring, but it was decidedly profitable at match-points

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CROSSWORD

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New York Times/Edited by Will Short:

57 Hardiy a neetnik **56** Тгалгр 66 Songbird #1 Fearsome one 63 Hair coloring

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HEALTH/SCIENCE

Damaged Ear on the Mend

U.S. Navy researchers have developed a new treatment to repair the tiny hair cells in the inner ear that transmit sound to nerve fibers and create an individual's sense of balance.

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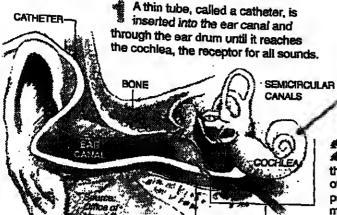
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EAR ORUM

INNER EAR

An antioxidant drug is delivered through the catheter to the base of the cochlea, where it passes through the membranes to reach

the damaged hair cells.

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star Alliance flights. So you can enjoy superior

miles in all classes, even in economy, and on all

Inside, the antioxidant neutralizes free radicals, chemicals that harm cells, allowing the damaged hair cells to heal more quickly.

Jim McManns / NYT

NERVE FIBERS

Fighting the Deafening Din

New Treatments May Restore Delicate Hearing Cells

By Warren E. Leary New York Times Service

ASHINGTON — The world is awash with endless an banging, ringing, thumping and clanging that not only annoys but also steals. The deafening din slowly takes away the hearing of many and, in cases of enormous assault, can result in

deafness within days. Bot researchers say they are making progress against ooise-induced hearing loss and have begun testing treatments that may be able to rescue hearing in ears damaged hy unusually toud ooise.

Military researchers say they have developed a technique that may be able to restore health to delicate cells within the ear that are often irreparably darnaged or killed by excessive noise. It may also be possible, they add, to develop drugs that can be taken in advance to protect against damaging sounds.

"Our early results are exciting and encouraging, but also very preliminary, 'said Colonel Richard Kopke, a physician with the Army Medical Corps. "Our work with animals is very promising, but

we've just begun human testing." Colonel Kopke and colleagues at the Defense Department's Spanial Orientation Center, a treatment and research facility for all the services based at the Naval Medical Center in San Diego, have devised a way to place miniature catheters deep into the ear and dispense medicine in the exact place it is needed.

Using this approach, tested extensively in guinea pigs and chinchillas, Colonel Kopke's group treats delicate hair cells within the ear, key components in sound detection, with antioxidant drugs to counteract toxic compounds generated by injury. If treated in time, the researchers say, these sensitive cells - which the body cannot replace - can be saved before there is permanent hearing loss.

The researchers have tested the therapy oo three patients, with apparent success in all of them. Within the oext six mooths, they hope to treat 50 more.

The military is interested in treating hearing and other ear problems that can affect balance and orientation, at least in part because of the high price - an estimated \$1.5 billion a year in com-pensation, retraining and equipment costs --- stemming from these disorders.

Loud noises produced by artillery, jet engines and shipboard machinery all contribute to the hearing problems that affect more than 11 percent of members of the armed services, the military says. like cells. The pressure of sound waves on pills and turn my amplifier up.

Jochen Schacht, a pioneer in the treatment of hearing loss who works at the University of Michigan in Ann Arbor, said the military researchers had a solid scientific basis for their technique. "The approach of using antioxidants is oot new," he said, "but the combination of the technique and the antioxidants is

Leonard Rybak of Southern Illinois University Medical School in Springfield called the technique "a good approach with a rational basis." Dr. Rybak whose own research involves finding ways to keep the widely used anti-cancer drug cisplatin from damaging patients' hearing, said it had recently become apparent that many of the things that injure the inner ear could have a common destructive mechanism - the production of toxic free radical oxygen compounds, known as free radicals, which antiox-

idants are designed to counteract.

Free radicals are unstable, electrically charged molecules that are highly reactive with other substances. Free rad-

This is not meant to be a substitute for common sense or using mechanical hearing protection.

icals of oxygen, formed briefly in most natural chemical reactions with oxygen, set up chain reactions in the body as they interact with other molecules, and that process can damage cells and even the genetic material they cootaio.

Research oow shows that drugs that can damage the inner ear - including cisplatin and the aminoglycoside family of antihiotics like streptomycin and gentamicin - do so, at least in large part, hy causing the production of harm-ful free radicals. And the pressure and vibracions generated by loud onise can damage cells in the ear, causing them to generate free radicals that cause further injury and cell death, experts said.

Colonel Kopke's work, which is supported by the Office of Naval Research, involved threading a tiny catheter through the outer ear, under the ear drum and up to the membrane at the end of the cochlea a fluid-filled, snail-shaped structure in the inner ear that cootains thousands of hair-

the cochlea membrane sends vibrations through the fluid, moving the hairs and Kresge Hearing Research Institute at the sending signals that eventually travel through nerves to the brain.

Prescription antioxidants then are delivered through the catheter, allowing the hair cells to receive an effective dosage, the researchers said. If the drugs were giveo orally or through injection. the rest of the body would have to endure large doses of the drugs for a sufficient level to reach the ear. And many of these drugs have damaging side effects in

large doses, they said. The catheter can be left in place so that medicine can be administered every two or three days for two weeks, or the catheter can be hooked to a small automatic pump, attached to the patient, that can dispense a daily infusion of the drugs.

Lieutenant Commander Michael Hoffer, a navy doctor who works with Colonel Kopke, applies a different twist to the catheter technology to treat a condition called Meoiere's disease, an inner ear abnormality whose symptoms include vertigo or severe dizziness and rioging in the ears. He puts toxic antibioocs into another part of the ear to destroy a different type of hair cell involved in Meniere's disease.

As an alternative to surgery, Lieutenant Hoffer and colleagues are using the new system to selectively kill cells that produce excess liquid in the ear that contributes to symptoms of Meniere's disease, as well as certain balance cells that send signals to the brain. In tests on 18 patients, the researchers said they were able to reduce symptoms in most of the patients without invasive surgery.

Colonel Kopke said he had tested a number of prescription antioxidant drugs approved for other uses to treat hearing loss, including some that scavenge up free radicals and others that cause the body to produce more of certain enzymes that are natural antioxidants. Some of these drugs can also remove some of the body's excess iron. which can encourage the production of free radicals.

A main goal of the research is to develop oral medicines, probably new types of antioxidants, that can be taken before or after hearing dangerously loud noises.

Colonel Kopke acknowledged the possibility of abuse if scientists developed a drug that protected against hearing loss caused by noise. "This is oot meant to be a substitute for common sense or using mechanical hearing protection when needed," he said. "I don't want people to say, 'l'll just pop a few

Sea Explorers Aim for a New Low

By William J. Broad

OODS HOLE, Massachusetts — The sea has millions of dark secrets. And oow, a famous explorer is to illuminate more of them.

For more than a third of a century, Alvin, the world's first craft to roam the abyss with relative ease, has been ferrying American scientists into the planet's sunless depths and racking up a staggering record of discovery, including dark ecosystems that, with riots of tube worms and other hizarre creatures, rival rain forests in richness.

But the plucky, white, 25-foot-long (7-meter) craft has its shortcomings. Most ootably, it can plunge down only so far without the deep's pressures suddealy crushing its crew capsule (and three occupants). For dives, the safety limit is 2.8 miles (4.5 kilometers).

That distance is little more than the sea's average depth and far short of its deepest spot, seven miles down, much lower than Everest is high. The upshot is that a large part of the seabed, with its dark could shed more light on depths. recesses and riddles and perhaps

even a den or two of undiscovered monsters, is out of Alvin's reach. Off limits is an area larger than

But now, Alvin is getting a major overhaul that may extend its reach and allow it to match and possibly even surpass oewer submersibles abroad, making it the world leader. In a remarkable bonanza from the end

of the Cold War, the Woods Hole Oceanographic Institution, which runs Alvin, has just received from the U.S. Navy a submersible known as Sea Cliff, which has been decommissioned after military cutbacks and changing priorities.
Woods Hole and its federal patrons

have insufficient money to run Sea Cliff, designed for military work, as a separate vehicle. But Woods Hole is happy to cannibalize its parts to improve Alvin, a process oow getting under way. The trove is rich. Alvin cost about \$50 mil-lion, and Sea Cliff about \$200 million.

The crown jewel of Sea Cliff is its crew capsule. The walls are made of a thick layer of super-strong titanium that can withstand pressures down to depths of 3.8 miles. So Woods Hole is now studying whether the capsule can be transferred to Alvin, a move that would extend the reach of the tiny submersible by a full mile.

"We have a responsibility to make sure it's the best," said Robert Gago-sian, the director of Woods Hole.

Eager to push even deeper and capitalize on the politics of the moment, the institution is seeing whether further strengthening would allow Alvin to plunge down to depths of 4.3 miles deeper than any of the rival submersibles operated by Russia, France and Japan.

"We've been the leaders in exploration." Mr. Gagosian said. "In order to continue that tradition, we need to have the deepest-diving submersible. It's that simple. We want to lead."

ology, biology and even archaeology voluminous waters supply vital elenow lie beyond Alvin's current reach, ments that sustain life on the surface and not to mention the unknown.

"There's important science to be done" in the sea's deeper regions, said Daniel Fornari, head scientist for the deep submergence program at Woods Hole. "It's such a compelling part of the planet. We've got this sitting in our backyard and we know so little about it. It's ridiculous."

Over the decades, Alvin users have been the first to glimpse the seabed's dark ecosystems, its hot chimneys, its cold seeps, its rocky chains of mountains longer than the Andes and its lost human worlds, such as the Titanic. The explorers have also brought to light thousands of new species of animal life, including slimy things seemingly fit for monster movies.

This record of excellence is causing some of the submersible's users to view any renovations warily.

"Ooe thing is clear," said Richard Pittenger, head of marine operations at

Woods Hole, "We don't want to screw

on the reliability in the process of trying

Woods Hole in the 1960s, it was con-

sidered a curiosity. Most military of-ficials and scientists of the day cared

little about people exploring the deep. No

regular navy contractor wanted the job.

So the submersible was built by General

The situation changed after a navy sobmarine, the Thresher, sank with 129 men in 1963, Its wreckage remained lost

for mooths. In the catastrophe's wake, the navy decided to throw itself into

No expense was too great. The navy built two Alvin look-alikes, Sea Cliff

and Turtle. Both were heavier and faster

than their forerunner. Eventually, in

1984, Sea Cliff dove much deeper, with

But foreign submersibless began to

rival Sea Cliff's maximum depth of 3.8

In 1990, the Japanese pulled ahead with a new submersible that pluoged

down four miles. Woods Hole scientists

looked on sheepishly in 1994 as the

Japanese submersible, Shinkai 6500, set

an Atlantic depth record.

The 31-foot-long Japanese submers-

Such competitive pressure is one rea-

Scientists say the inky deep is not only

inherently provocative hut important to

understand if people are to be good

planetary stewards. It is the Earth's

largest habitat, containing, by some es-

timates, 97 percent of the space inhab-

son Woods Hole is eager to have Alvin go deeper. The more important reason is

miles and to make new discoveries.

mastering the abyss.

its stronger crew capsule.

ible is still unrivaled.

raw knowledge.

ited by living things.

Mills, the maker of breakfast cereals.

When Alvin was first proposed by

to make the submersible better."

Scientists say major questions of ge- It is also the planet's lifehlood. Its regulate planetary heat flow, keeping the land temperate.

> most dynamic feature, the place where huge slabs of crust are created and destroyed. About 90 percent of the Earth's volcanism happens undersea. Mr. Gagosian, the Woods Hole di-

Geologically, the deep is the planet's

rector, said a deeper-diving Alvin could better study these cauldrons, which also support lush ecosystems and are suspected of being the place where life arose four hillion years ago.

A deeper-diving Alvin, he said, could not only explore the sites directly hut could wire the ocean with sensiove detectors meant to track distant seaquakes. A great opportunity for such wiring lies in old telephone cables that crisscross the sea's abyssal plains, Mr. Gagosian

This month, one such cable between California and Hawaii is to be lifted from a depth of 3.1 miles Overhaul of a U.S. submersible and fitted with geologic detectors - an oceanographic first. A deeper Alvin could service such devices, eliminating the need

for lifting the cahle, which is a A deeper Alvin would also be able to visit more of humanity's lost worlds. The luxury liner, Titanic, resong at a depth of more than two miles, is now withio Alvin's reach and was visited in 1986 by the tiny white submersible, hut

thousands of other wrecks lie deeper.
One is the 1-52, a Japanese submarioe sunk in World War II while carrying a shipmeot of two toos of gold, 146 bars of it packed in metal boxes.

Discovered in 1995 more than three miles down on the Atlantic abyssal plain, the 1-52 wreckage is oow slated for further exploration as the salvage team searches for vehicles than can go

ITS of Sea Cliff are already being transferred to Alvin. The first to go was the military submersible's digital sonar.

Barrie Walden, manager of deep sub-mergence at Woods Hole, said incorporating Sea Cliff's crew capsule into Alvin might cost \$15 million, a sum as yet unapproved by federal planners. He said the upgrade could be done during the suh's next major overhaul, which is scheduled for the end of 2000, allowing it to start the oew millennium on an

auspicious note. With Alvin diving to depths of 3.8 miles, the region outside its reach would shrink dramatically, cootracting from something larger than Asia to the size of

Mr. Gagosian, eager for even greater penetration of the sea's darkness, has asked Woods Hole experts to assess the feasibility of Alvin's plunging to depths of 4.3 miles. But achieving that may take more than Sea Cliff's sphere, and might cost \$100 million - hig money in a field that gets about \$20 million a year in



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Uneasy Split Developing With Japan

U.S. and Tokyo Far Apart On How to Prevent Crisis

> By David E. Sanger New York Times Service

SAN FRANCISCO — The economic policy leaders of the world's two largest economies, the United States and Japan, spent bours here Friday night talking about the heightened risk of global recession and a further spread of the tur-moil that has engulfed Asia, Russia and now Latin America.

But they left Saturday morning with no new plans but rather an uneasy sense that Japan and the United States remain on different wavelengths about how quickly countries must act.

The discussion over dinner on Nob Hill included the Treasury secretary, Robert Ruhin, the chairman of the Federal Reserve Board, Alan Greenspan, and Kiichi Miyazawa, the former prime minister who reluctantly agreed in take the job of finance minister last month during Japan's deepest recession since the end of World War II.

At the dinner's end, U.S. officials said they feared that the leaders of Japan still did not accept the premise that the country's banking crisis and its moriband economy were a major cause of the turmoil that included a stomach-churning dive on Wall Street last week, huge market drops and instability in Latin America and deepening chaos in Russia.

The astounding descent of the ruble led the British government Saturday to announce that a meeting of deputy finance ministers from the world's largest economic powers, the Group of Seven, was planned in London, probably this week, to map out a new Russia strategy. But in a sign of the growing split



Finance Minister Kiichi Miyazawa of Japan, left, talking with Treasury Secretary Robert Rubin in San Francisco. Alan Greenspan, right, warning of turmoil during a speech at the University of California, Berkeley.

between Tokyo and Washington, Japanese officials bristled at the mounting U.S. pressure and suggested that they were being made scapegoats. "How can Japan's recession be responsible for an economic malaise in Latin America or Russia?" asked a senior Japanese official. "Japan has been overly criticized. My concern is that if anything happens to the U.S. economy, everyone will point to Japan and say it is responsible."

The meeting took place as Mr. Rubin and Mr. Greenspan issued warnings that the world economy is in a particularly fragile state.

Only hours before the dinner, Mr. Greenspan, in a speech at the University of California, Berkeley, cantioned that 'it is just not eredible that the United States can remain an oasis of prosperity unaffected by a world that is experiencing greatly increased stress."

He appeared to open the door to the possibility that the Federal Reserve Board might consider a cut in interest rates if more evidence arose that downturns on three continents were begin-

ning to stall the U.S. economy.

Mr. Rubin, in a conversation as he

flew from Washington to the meeting here, said that "these are elearly extremely difficult times in the world econ-

omy and world financial markets."
"This is an unprecedented situation in a host of respects," said the Treasury secretary, who experienced several major market drops in his 26 years on Wall Street as a trader and then co-chairman of Goldman, Sachs & Co. the investment banking firm. "The number of countries experiencing difficulties at once is something we have not seen before."

The speed at which billions of dollars

that flowed into emerging economies in the 1990s have flowed out was also unprecedented. The inflnw occurred, Mr. Rubin said, because "investors gut progressively less rigorous about risk."
Now they see risk everywhere, Mr. Rubin and other Treasury officials note, and rarely discriminate between countries with deep problems and those

simply fighting off economie contagion.

"We are in a situation which is indeed a dangerous one, hy far not fully rasaid Michel Camdessus, the managing director of the International Monetary Fund.



Speaking in Washington at the end of a meeting of Latin American finance ministers who had come to plead for relief, he said: "The degree of panic going on -- this is, indeed, clearly ex-

acting an excessive and unfair pressure on a large number of countries." For Mr. Camdessus, that is a sig-nificant change of tone. In January, he signed an agreement in Indonesia with President Suhartn that he declared would restore confidence - only to see the country dissolve into violence, economic chaos and political upheaval that forced Mr. Suharto's resignation. Early this summer, Mr. Camdessus declared that there was no crisis in Russia, and a huge one crupted within weeks.

A few months ago people were talking about seeing the light at the end of the tunnel, 'said Jeffrey Garten, the dean of the Yale School of Management and a former top Commerce Department of-ficial. "Now the only hope is keeping the world economy from total deterioration. And you get a sense that this is all now truly left to Adam Smith's invisible hand - it's beyond any country's ability, any institution's ability, to control."

Greenspan Issues Alert

U.S. Can't Remain an 'Oasis,' Fed Chief Warns

By John M. Berry

The chairman of the U.S. Federal Reserve Board has said that nngoing turmoil in world financial markets poses a risk to continued U.S. economic growth, and he has signaled that the Fed might cut interest rates in response.

Alan Greenspan disclosed that at a policy-making session last month, Fed officials, who had been leaning for months in the direction of raising rates to head off any increase in inflation, moved back to a neutral stance because of mounting concern about the potential impact of the turmoil on the United States. 'As dislocations abroad mount,

feeding back on our financial markets, restraint is likely to intensify." Mr. Greenspan warned Friday in a speech at the business school of the University of

California, Berkeley.
The United States is strong and many of the "imbalances," such as rising inflation, that usually appear in longrunning economic expansious "are largely absent today," he said. But he added, "it is just not credible that the United States can remain an oasis of prosperity unaffected by a world that is

experiencing greatly increased stress." The comments were his first since a default by the Russian government on a portion of its deht two weeks ago that triggered sharp declines in world stock markets and large interest rate rises in

some developing nations.

In the United States last week, the Dow Jones industrial average fell more than 5 percent for the second week in a row, closing at 7,640.25. The Dow now is down 18.2 percent from its peak on July 17 and more than 3 percent from its level at the beginning of the year. In countries such as Singapore, Malaysia, Brazil and Mexico, stock prices are down more than 40 percent since Jan. 1.

"In the spring and early summer,"
Mr. Greenspan said, the Federal Open Market Committee, which is the central bank's top policy-making group, "was concerned that a rise in inflation was the primary threat to the continued expansion of the economy. By the time of the committee's August meeting, the risks had become balanced, and the committee will need to consider carefully the potential ramifications of ongoing developments since that meeting."

The next Fed policy meeting is Sept. 29. Unless the world economy suffers

another shock, Fed action on rates is unlikely at that time because it may be hard to quantify those "potential ramifications" that soon. On the other hand, a grave development — such as the collapse of several large ailing Japanese banks - that posed an immediate threat in the world financial system could cause Mr. Greenspan to act using his own authority even before the meeting.

Last week a number of Fed officials who went to a conference in Jackson Hule, Wyoming, said that they no longer were thinking about raising rates but that they saw no need at that point to

reduce them.
In a talk in Boise, Idaho, on Thursday, Robert Parry, president of the San Fran-eisco Federal Reserve Bank, said, "These international problems are coming at a time when spending inside the United States is strong, so that our econ-

omy has some room in absorb a shock from abroad." "However," Mr. Parry added, "recent financial developments in the United States and around the world raise uncertainties about whether this strength in domestie spending will con-tinue. Falling U.S. and foreign stock markets, as well as possible effects of problems abroad on U.S. corporate

profits, could restrain consumer and business spending in this country. In his speech, Mr. Greenspan also raised the questinn of whether a big drop in stock prices, after several years of large increases, might have a major depressing effect on consumer spending

and economic growth. Mr. Greenspan said that the history of large changes in investor confidence. "cnunsels caution in the current con-

"We have relearned in recent weeks that just as a bull stock market feels unending and secure as an economy and stock market move forward, so it can feel when markets contract that recovery is inconceivable.

Both, of course, are wrong," he added, But because of the difficulty imagining a turnabout when such emotions take hold, periods of euphoria or distress tend to feed on themselves."

Mr. Greenspan's comments suggest. that he is worried about the possibility that a psychologically driven bear market could cause such a pullback in cousumer spending and business investment as to put the U.S. economy into a serious slump.

Latin Leaders Call for Action to Cushion Crisis

Compiled by Our Stuff From Disputches

PANAMA CITY — The presidents of 10 Latin American countries have ealled for urgent action to reduce the impact on Latin America of the economie crises in Russia and Asia.

There exists a very serious worry in ing long-term investment. each of our countries from what has occurred in these past weeks," President Ernesto Zedillo of Mexico said Saturday at the conclusion of the summit meeting of the Group of Rio in Panama. "If this continues, we would be at risk of the entire world economy entering a state of recession."

Latin American heads of state signed a declaration appealing to international financial institutions and the Group of Seven industrialized nations to reflect

urgently on the crisis threatening emerging Latin American economies. The document recommended that all emerging economies strengthen themselves through various means, including increasing internal savings and promot-

But it also made a clear call to such multilateral financial bodies as the International Monetary Fund and to the Group of Seven to take immediate action to fight the global economic crisis. "It is indispensable that the G-7

countries immediately take the necessary means to restore stability in financial markets and to guarantee the growth of the world economy," the

declaration said. The Rio Group includes the Contadora Group — Panama, Venezuela, the countries in the Latin American re-Colombia and Mexico — by adding gion would expand their ecocomies this Chile, Pera, Bolivia, Uruguay, Argentina, Brazil, Ecuador and Paraguay.

Meanwhile, the International Monetary Fund's top official said he was confident that Latin American econlong term even though Asia and Russia percentage points to stop an outflow of were having an adverse affect on the region right now.

Michel Camdessus, managing director of the IMF, said if the economic instability from Asia and Russis coutinued to exert pressure on currency and stock markets in Latin America, finance officials in that region would have to

tighten monetary policy.
Still, the IMF projected that most of

year and would have low or declining (Reuters, Bloomberg)

■ Brazil Sharply Raises Rates

The central bank of Brazil has raised omies would continue to grow over the . its benefimark interest rate more than 10 capital that is reaching \$1 billion a day amid concerns that Brazil's eurrency will be weakened, Bloomberg News reported from Sao Paulo.

The central bank said its overnight rate, which it charges banks for loans, will rise to 29.75 percent, from 19 per-

cent, beginning Tuesday.

The rate will remain in effect until Sept. 30.

Financial Crises May Stall Capitalism's Global March

By Paul Blustein

WASHINGTON - As the crisis shaking the world's financial markets spreads and intensifies, signs increasingly suggest it could deal a historic setback to the advance of Western-style capitalism.

The most abvious illustration is Russia. After the virtual collapse of the country's economy last month, pro-Western forces are in full retreat and speculation abounds that socialist policies will be revived.

Another example is Malaysia, which this week effectively cut itself off from global financial markets by imposing tight controls on the flow of capital across its borders. The country had thrived over most of the past decade hy welcoming investments by U.S., Japanese and European companies. But Prime Minister Mahathir bin Mohamad, furious over the selling wave that has sunk the Malaysian currency and stock market, decreed that the currency — the ringgit — could no longer be freely traded.

a vigorous effort last month to bolster the Hong Kong Stock Exchange by using billions of dollars' worth of public

funds to buy shares. Up until a couple of months ago, the crisis appeared to be NEWS forcing economic policy in many countries in a market-orieconomic ented direction - so much so that Michel Camdessus, the managing director of the International Mnnetary

Fund, often referred to the financial turmoil as "a blessing in disguise."

Together with his backers in the Clinton administration, Mr. Camdessus saw potential long-run benefits resulting from the Asian crisis: Even though such crisis-ridden countries as South Korea and Thailand were sinking into painful recessions, they were moving toward more Westernized, free-market models as they met IMF demands to scrap the "crony capitalism" and policies of heavy government intervention in the

long-term growth prospects.

But the words "hlessing in disguise" have disappeared from Mr. Camdessus's public utterances lately, underscoring growing fears among Western analysts and officials that the crisis may prove an unadulterated curse.

"I think of it as a backlash against globalization, and you're getting more and more episodes that move down the same track that make this whole dimension of the crisis very worrisome," said C. Fred Bergsten, director of the Institute for International Economics, noting that Taiwan and Japan have also been resorting to government-backed stock purchases as their markets weaken.

Robert Zoellick, a top official in the Bush administration, said the latest de-velopments have deepened his concerns that Washington was failing to aggressively consolidate the gains the U.S. system had achieved at the end of the Cold War. "Now we're maving beyond the risk of missing apportunities, to the risk of retrogression, said Mr. Zoellick, who is president-designate of the Center

Even in Hong Kong, hitherto proud of its reputation as the world's most free-wheeling market, the government began but the words "hlessing in disguise" for Strategic and International Studies. "In the long view, you can argue that markets and capitalism will eventually "In the long view, you can argue that markets and capitalism will eventually dominate because people will discover the benefits of an efficient production system. But as we saw in the 1930s, the long run can last a long time."

Remarkably few restrictions have been raised during the crisis an imports or exports of goods and services, so the dangers to capitalism should not be exaggerated. So far, most of the government interference, including Malaysia's, has been limited to the markets for

Throughout much of the post-World War II period, many countries - including advanced industrial powers in Western Europe — maintained controls nn capital. In some ways, government intervention in the capital markets now can be viewed as an effort to correct the excesses of a decade-long experiment in which money was free to fly virtually anywhere on Earth at the touch of a computer key.

See CAPITALISM, Page 18

Hong Kong Moves to Lift Confidence in Its Dollar

HONG KONG - Hong Kong stepped up its battle against speculators this weekend, introducing a package of measures that gn into effect Monday to strengthen its 15-year-old currency board system and make it less susceptible to a speculative attack.

Counsiled by Our Staff From Demande:

Saying it "does not believe in exchange controls," the Hong Kong Mon-etary Authority said Saturday that the measures represented a full commitment to its currency board, under which the Hong Koug dollar has traded within a narrow range against the U.S. dollar. The steps include new rules for currency eonversion and moves to bolster liquid-

For the first time, licensed Hong Kong banks will be able to borrow from the Hong Kong Monetary Authority through a so-called discount window. The move institutionalizes borrowing from the monetary authority and makes it resemble more of a true central bank, some analysts said. The discount window will allow

banks to convert Hinng Kong dollars in clearing accounts to U.S. dollars at a rate of 7.75 Hong Kong dollars to \$1. which the monetary authority intends to move to 7.80 dallars to \$1 "when market circumstances permit." The mnnetary authority now intervenes in the market at 7.75 dollars to keep the eurrency from weakening.
The discount window is intended to

ensure thet there will always be access to mechanism," he said. a supply of U.S. dollars in the market.

"To me, it's aimed at reassuring the banks," said John Seel of Bear Steams Asia Ltd.

The plan comes about three weeks after the government waded into the stock market in an effort to lift prices and punish speculators betting against stocks and the Hong Kong dollar. The intervention came after shares had plunged and interest rates had soared.

The measures "will enhance the robustness of Hong Kong's monetary arrangement," said Joseph Yam, chief executive of the authority. "They should also help to reduce excessive volatility in interest rates."

"I won't say it will immediately do away with speculation on the Hong Kong dollar," said Stanley Wong, regional treasurer for northeast Asia at Standard Chartered Bank. "But I think it's pretty sure that with all these measures, the sharp moves of Hong Kong interest rates will be less likely. But some analysts said the moves

were not enough to keep speculators away from Hnng Kong's markets, adding that the former British colony could not resist pressures created by Asia's economic turmoil.

Andrew Ballingal, a strategist at Sehroders Asia, said that the monetary authority's changes could actually promote the perception that the currency board system is inadequate.

"It's evidence of further uncertainty and a lack of confidence in the peg

(Bloomberg, Reuters)

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CYBERSCAPE

Investors Review the Pains and the Pluses of Trading On-Line

By Amy Harmon New York Times Service

W EW YORK — Like many other investors, Allen Page, a packaging salesman in Pasadena, California, had a bad week last week. But if not for his cellular phone, his laptop, his Internet account and a pager-like device that receives stock prices, it could have been

WORSE. Wielding his portable electronie arsenal, Mr. Page said he had limited the damage by exercising options on beaten-down stocks, sometimes trading from the shoulder of the freeway with his laptop plngged into his cell phone.

Mr. Page is part of a rapidly swelling contingent of investors who keep an open line to their investments as they go about their "Sixty percent of my customers trades a year, far more than the

are hooked up on the Internet," he typical customer of a full-commissaid, "and I can walk in the office and ask them the price of a stock, and they'll tell me what it is." "It's scary," he added. "It wasn't like that a year and a half

Most investors who track the movements of their stocks on the Internet — about 3 million people now have on-line brokerage accounts -are enthusiastic about the virtues of expanded access to in-

But ma time of market volatility, some nn-line investors warn that such close contact with the ups and downs of a portfolio can have an emotional effect that is not always beneficial to strategie reasoning. Investors who are on-line trade more often than those who are not,

for example. According to E*Trade

Group Inc., the on-line brokerage

firm, its customers average 25

formation.

sion brokerage firm, who trades once or twice a year, or customers of a discount brokerage firm, who trade four to six times a year. Part of the reason is that on-line brokerage firms typically charge

much lower commissions than traditional ones. But even for investors who trade through human brokers, monitoring a stock in real time on-line can induce decisions more hasty than

"There's just something about watching it live, where you feel an immediacy and an urgency to do something, more than if you came home at the end of the day and lonked at it in the paper," said Jeffrey Mitchell of Connecticut, the residue of the same than the same whn said he had lost money by not

waiting an extra hour to see what happened to a stock.

Mr. Mitchell runs a software company and calls his broker when the rhythm of the market through

he sees opportunities on-line. In addition to hair-trigger trading, the Internet offers investors another double-edged sword: on-line discussion groups.

Many "tips" posted on-line

have been exposed as erroneous or even fraudulent. But there is a subtler danger: the psychological attachment, or aversion, an investor can develop for a stock that is the subject of debate on financial World Wide Web sites like Silicon Investor or the Motley Fool.

"When you buy a stock and talk about it on Silicon Investor, it becomes more than just a stock," Mr. Mitchell said, "You become polarized on the Internet, and then you feel, by selling or shorting, you are

giving in to the dark side."

Still, he and others said they found that on-line discussions bolstered their confidence about investment choices. And soaking in

cyberspace clearly gives individual investors new ways to participate directly in the market.

Kathy Levinson, president of E*Trade, attributed some of the intraday volatility seen in the market early last week to the ability of online investors to react swiftly to the market's gyrations.

"There's more confidence and comfort when you can see your stock and watch it move," Ms. Levinson said.

'People can misuse their free-

dom," said Torn Gardner, co-founder of the Motley Fool. But the long-term benefit of knowing more, he said, "far outweighs the effect of a person who sees they're down 12 percent and makes a foolish de-

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CAPITAL MARKETS ON MONDAY

Top-Notch Borrowers Still Find Buyers, Even as Others Feel Squeeze

By Carl Gewirtz International Herald Tribun

PARIS — Despite the cootinuing turmoil in world credit markets, Fannie Mae was able to raise \$2 billion last week through a global offering of five-

The success of the offering illustrates the so-called flight to quality as investors cootinue to flee risky markets for the perception of safety offered by borrowers like Fannie Mae, the U.S. govern-

ment-chartered home mortgage lender. ing, has been unable to keep up with the U.S. Treasury bond market. Strong demand for government bonds has driven up prices, sending yields, which move in the opposite direction, to record lows. As a result, the interest-rate differ-

Mae debt has widened sharply since before the crisis began. But for other borrowers, the spread — and thereby the relative cost of borrowing - has increased even more dramatically.

The \$2 billion worth of Fannie Mae bonds were offered at an interest rate of 45 basis points, or hundredths of a percentage point, more than that of the comparable five-year Treasury note.

That is the widest spread Fannie Mae has paid since it began keeping records But in that flight, even the debt of on spreads in 1990. A year ago, when Fannie Mae, with its triple-A credit ratyear notes, they were offered at only 18 basis points above the corresponding Treasury.

But using swaps — customized securities that allow parties to hedge their financial risks - Fannie Mae was able

ential, or spread, between the yield on to keep the total cost of the latest bor-Treasury bonds and the yield on Fannie rowing in line with its usual target. Bankers said the ease with which the

\$2 billion issue was sold demonstrated that even amid the global financial crisis, cash was available for the highest quality borrowers and for large issues like Fannie Mae's, which offer greater liquidity,

or ease of trading.

More than half of the \$2 billion worth of notes was sold to investors outside the United States. Almost e quarter went to Europe, and nearly e third went to Asia. U.S. sales amounted to only 43 percent.

Also braving miserable market conditions, Austria issued \$750 million worth of five-year notes denominated in European currency units. These ootes. like previously issued Austrian notes denominated in schillings, Deutsche marks and guilders, will be converted into euros when the common currency is

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Italian Lira

Polish Zloty

Swedish Krona

163 Sweden 191 Sweden 1036 194 Sweden 210 Sweden 1037 224 Sweden loon

U.S. Dollar

8 Argentina 10 Brazil FRN 24 Brazil 47 Medico 48 Russia 52 Venesuseia

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166 Brazil 167 Cais Damort

started next year. Then, Austria will have a total five-year issue of 5 billion yields on different countries' government enros, large enough to serve as a borrowing benchmark.

This week, bankers expect the Enropean Investment Bank and the Federal

Home Loan Bank to tap the market. Critical measures of the capital markets were registering less turmoil last basis points a week earlier. week than in the previous week but

remained at crisis levels.

J.P. Morgan's Emerging Market Bond Index, the best measure of borrowing costs for Latin American governments, ended the week at 1,475 points, representing a yield spread on sovereign Latin American debt of 14.75 percentage points over U.S. Treasury levels. That was down from a high of 15.85 points but compared with a spread of just 3.70 percentage points a year ago

Within Europe, spreads between the debts remained high.

Yields on Italian government debt denominated in lire hovered at 47 basis points over yields on German government paper, up from 25 basis points before the crisis but down from near 60

The wide spread reflects a shift in tensions to the asset markets from the foreign-exchange markets, where rates have been virtually locked for the currencies scheduled to be phased out in

favor of the enro. The global financial crisis has also resulted in wider-than-oormal spreads for some U.S. corporate borrowers. Ford Motor Co.'s 10-year debt is quoted at 120 basis points over Treasury levels, up from a spread of 80 basis points before

Japanese borrowers have been hadly hit, and borrowing costs have risen sharply even for issues carrying a gov. WATONAL MANA

ernment guarantee. The volatility of the situation has resulted in giant losses at hedge funds, banks and other financial intermediar-

While such organizations typically insulate their portfolios against an outright change in interest rates, they are often exposed to changes in the spreads between rates, which had been expected to remain stable.

At current levels, said Jan Loeys at J.P. Morgan in London, spreads to bond markets are at levels that anticipate a global recession.

He is focusing on developments in stock markets to try to confirm the gloom in the credit markets or to challenge that perception.

Most Active International Bonds

through the Euroclear system for the week end-ing Sept. 4. Prices supplied by Telekurs. 3.0872 04/01/01 71.1249 4.3400

The 250 most active international bonds traded

Austrian Schilling 5 01/15/08 104.0000 4.8100 64 07/15/27 115.0500 5.4300

 146 Formle Moe
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 06/07/02
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 202 Higher Ed
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 243 Bribar
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 248 Annington FRN
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05/15/00 103.7800 05/21/01 111.9363

Asia-Pacific

Expected Beijing: China Computerworld Ex-

This Week po. Beijing & Networking China '98, IDG World Expo (Asia). Tuesday

through Saturday.

Monday Sept. 7

Thursday

Sept. 10

Friday

The Week Ahead: World Economic Calendar, Sept. 7-11

Canberra: Investment and Finan-cial Services Association'a "Winning

in the New World Conference 1998." Through Tuesday.

to report on its meeting.

the financial markets.

ads for August.

tronics industry

Wednesday Manila: Center for Research and

Taipei: APEC Business Advisory

Council to hold a press conference

Hong Kong: Legislative Council'e financial affairs panel to discuss the

government's recent operations in

Tokyo: Merchandise trade balance

Tokyo: Price Stabilization Committee

(New Zealand) Ltd.'e survey of want

to discuss telecommunication fees.

Wellington: ANZ Banking Group

Communication forum on the elec-

Tokyo: Bank of Japan to issue data

Tokyo: Bank of Japan to issue data

Wellington: Food prices deta for

The second quarter,

August and manufacturing data for

on wholesale prices for August.

on bank lending for August.

for the first 20 days of August.

04/23/03 110.7700 5.8700 07/04/27 22.5500 5.3000 07/04/27 22.5500 5.3000 09/15/99 103.2100 6.5400 11/1.26/23 109.4225 5.4800 07/15/04 112.9400 5.9200 05/13/04 113.9629 5.9400 07/15/08 100.5059 4.7300 12/17/98 100.4500 4.9900 06/21/99 102.5000 6.5900 06/21/99 102.5000 6.5900 06/21/99 102.5000 6.5900 05/22/00 106.5050 8.0600 05/22/09 100.4500 8.0600 05/22/09 101.7960 6.0200 07/07/08 102.3708 4.74600 05/22/09 104.1054 4.7250 12/26/00 111.3800 7.9700 02.304/04 110.900 5.4600 04/15/08 103.5000 4.8300 644 03/04/04 110.90 5.6400 5 04/15/08 103.5000 4.9300 74 02/21/06 104.57.90 7.2900 754 01/20/00 104.9200 6.9100 83/2 08/21/00 109.1850 7.7900 854 02/21/99 100.8100 5.3000 33/4 12/8/98 100.0100 3.5000 33/4 12/8/98 100.0100 3.5000 33/4 07/30/03 99.7500 3.5700 3.00709/30/04 99.6529 3.2000 34/4 03/19/99 100.1283 3.7500 2000 104/428 22.2000 5.2600 2000 104/428 22.2000 5.2600 2000 104/428 22.2000 5.2600 2000 34/4 03/05/98 100.0300 4.7100 54/4 03/05/98 100.0300 4.7100 54/4 03/28/98 100.1000 5.6200 54/4 03/28/98 104.1250 4.9200 55/4 03/28/98 104.1250 4.9200 55/4 03/28/98 104.7100 5.0500 67/4 107/5/08 104.1250 4.9200 55/4 03/28/98 105.7900 5.2400 3.4000 04/06/00 99.9143 3.4000 2000 07/4/24 27.3000 5.25 180 Germany
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A school of this week's economic and financial events, compiled for the international Heraid Tribune by Bloomberg Business News.

Americas

London: Bank of England's Monetary Policy Committee to meet to set the level of benchmark interest rate. Wednesday and Thursday. Riga, Latvia: Second annual Investing and Trading In the Baltic Capital Markets Conference. Tuesday and

Las Vegas: Microsoft Corp.'s Business Applications Conference. Wednesday through Friday. ternational Environmental Management Conference. Thursday and

Santiago: Chilean Central Bank to report on trade balance for first half

of August and money supply indi-

Buenos Aires: Trade data for July.

Mexico City: American Chamber of

Washington: Court hearing on Mi-

crosoft'e motion to dismiss antitrust

Commerce of Mexico's forum on

Mexican telecommunications.

Riga: Consumer price index for August. Rome: Producer price data for July. Stockholm: Unemployment data for August.

London: British Retail Consortium's

sales monitor report for August.

Bern: Department for Economics and Employment to issue unemployment data for August. Prague: Consumer price index and

unemployment data for August. Rome: Final consumer prices data Bratislava, Slovakia: Industrial out-

put for July and consumer price in-London: Manufacturing and Industrial production data for July. Vilnius, Lithuania: Unemployment data for August.

Madrid: Industrial production data

Buenos Aires: Gross domestic product for second quarter. Mexico City: Inflation data for Au-Ottawa: New-housing price index

Washington: Durable-goods orders for August. Washington: The Labor Depart-

ment to issue weekly report on un-

employment claims.

Tokyo: Ministry of Construction to Sofia: Inflation data for August. issue data on new public-works proects for July. Wellington: Provisional overseas Irade figures for the second quarter.

> Kiev: Retail sales data for year through August. Madrid: Consumer prices data for

August Paris: Government to issue its report on the preliminary price index and current account balance for June.

Buenos Aires: Argentine Brewery Industry Association to report beer

sales for August. New York: The Council of the Americas' panel discussions on the outlook for Latin American economies. Ottawa: New-vehicle sales for July.

Safe, Comfy, Boring - and Trendy

Investors, Spooked by Stocks, Are Pouring Money Into Bonds

By David Segal Washington Post Service

NEW YORK - When stocks were soaring, plenty of investors considered bonds the financial equivalent of a fourdoor sedan with dual air bags: safe and comfortable, but a tad boring. Now that brand of duliness is downright chic.

Billions of dollars are pouring into say, as people seek refuge from a stock market that has been roiled in recent months and walloped in recent days. At T. Rowe Price Associates Inc., cash flowed into bond funds during the first eight months of this year at double the rate of 1997.

Meanwhile, investors have snapped up so much Treasury debt that yields which drop when bond prices rise — are near their lowest levels in nearly three decades.

Bonds have a place in just about every investor's portfolio, advisers say, liquid than stocks, and they offer prodownturns and provide a fixed flow of income. Although those income flows have slowed to a trickle — the benchin his twenties being 100 percent inmark 30-year Treasury bond yields only 5.29 percent, for instance, compared with 5.35 percent a week ago that might sound like a torrent to anyone to 30 percent in the past month.

Relatively anemic yields are just one reasoo financial planners worry about investors boarding the "flight to qualto forestall greater losses. Such fearinspired switching can be hazardous, said Harold Evensky, a financial planner in Coral Gables, Florida, and in

worlds," Mr. Evensky said. For all but yields between corporate boods and the oear term.

approach to capture the next stock

But analysts cite one reason to buy bonds: During the past four years, many investors have discovered that rising stock prices have lifted the percent of their portfolios dedicated to equities. People who intended to keep 30 percent bonds and bond mutual funds, analysts of their funds in bonds, for instance, could find that the boll market has unilaterally rejiggered their holdings by

raising their exposure to stocks. So if the stock market's drop has oot already done it, financial planners say that adding bonds to balance asset allocations is a fine idea. In general, the

U.S. CREDIT MARKETS

older an investor gets, the less risky his or her portfolios should be, with more bonds providing greater stability. The nicipalities rushing to take advantage standard rule of thumb is to hold the of low interest rates by refinancing because they are less volatile and more same percentage of bonds in your portfolio as your age, though that is a little not benefit from the tax-free status of tection of principal during market conservative for the tastes of many

vested in equities," said Dennis Gurtz, a financial planner with American Ex-

Treasury bond fever got started a whose shares have fallen by 20 percent few months ago when worries about Asia and some less-than-stellar corporate earnings reports caused jittery investors to flee stocks and head for the tall grass of government-backed seity" for the wrong reasons. Many in-vestors have been spooked by talk of a carry over to other fixed-income man-bear market and want to sell off stocks. kets, and that has created some interesting opportunities for investors willing to shoulder a little more risk, experts say.

Worried that the economy would recent weeks he has talked more than a slow and that corporate earnings would

the most jittery and sleepless of clients. Treasury securities is as wide as it has been counseling a hang-tough been in seven years. Since few analysts see a recession on the horizon, the nsual scenario wheo such gaps appear, many say that corporate bonds look

Low-grade corporate honds — called junk on Wali Street — offer the greatest potential rewards, but their prices have eroded in recent weeks, and Rich Stevens of Vanguard Group suggests that investors approach that market with extreme caution.

There's always the possibility that these companies will default," he said. "If the whole point of bonds is to throttle back risk, then low-grade corporate bonds might not make sense. Why not just invest in equities?"

Another option for investors is municipal bonds, known as munis, which are exempt from federal tax. The market this year has been flooded by mutheir debt. Foreign investors, who do municipal bonds, avoided these and bought Treasury securities instead. The result: a glut of supply and a drop in prices for munis.

The good news for bondholders of all kinds is that inflatioo - the enemy of all creditors and therefore the nemesis of bond markets - is expected to hold steady at 1.5 percent for the coming year. So returns on Treasury bonds, once adjusted for inflation, should hover oear 4 percent. That is high by receot historical standards. said William Gross, chief investment officer of Pacific Investment Manage-

There is less unanimity about the future of the other key determinant of bond prices: interest rates. The lower they go, the higher bond prices rise. Some observers say that the stock drop traders have sent prices of will cause the Federal Reserve to cut "If you buy bonds because the stock market is down, you're going to lock in your losses and get the worst of both your losses and get the worst of both your losses and get the worst of both yields. The upshot is that the gap in make Treasury bonds a terrific value in your losses are forecasting a cut, but not enough to make Treasury bonds a terrific value in the constant points.

No Slowdown in Sight for Government Bonds

bonds and German Bunds, should con-

But there is scope for a substantial, albeit temporary, correction until stock markets start falling in a big way again or there is strong evidence that the world economy is slowing down.

Already, bond — When the strong into bonds.''

There are many potential things that could go even worse for the world economy to slow,'' Mr. Beandin added. ''Or even if they don't, we think growth is slowing anyway.''

Last week the Already, bond markets have shed

the risk of interest rate rises in the United States or in Europe, bot any prospects for rate cuts need to be coofirmed by economic data. "You should still be long bonds,"

LONDON — Major government First Boston strategist in Zurich, "using bonds, spearbeaded by U.S. Treasury dips to increase exposure and use any upticks in stocks to do more shifting out

troducing strict capital controls and Latin American currencies and stocks

succumbing to pressure.

said Adam Beaudin, a Credit Suisse interest rates by the end of the year in an attempt to avert global recession.

But Hans Tiermeyer, president of the Bundesbank, dampened growing expectations of a cut in German rates, saying Friday that such a move was unwarranted and would obstruct European monetary convergence.

The present environment is too fragile for adventurous investments, analysts say, even though widening spreads — the differences in yields between core and peripheral bonds and between government and corporate debt may look tempting. Some analysts said that if stocks start

The general consensus is that the to rebound convincingly, there could U.S. Federal Reserve Board will cut be a sharp correction in bond prices.

New International Bond Issues

Compiled by Poul Floren

7,483,47 7,829,74

Floating Rate Notes General Electric Capital Corp. Fixed-Coupons 2008 456 101.57 2003 4.30 101.06 diuble. Fees 0.25%. (ABN Amr 2002 3.70 100 ECU102 Semionius (1837). (183 Int.) Federal Home Loan 1999 4.10 100

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Regional Airlines Are Selling Off Planes in a Fight for Survival

By Thomas Fuller

UALA LUMPUR -- Somewhere in the Arizona desert is a poignant symbol of the East Asian economic crisis: brandnew Boeing aircraft parked under the hot sun, unlikely to be flown bome anytime soon by the cash-strapped airlines that ordered them.

The planes were ordered during Asia's boom years when airlines needed to keep up with record annual increases of passenger traffic in the region.

Now, fresh off the assembly lines, their owners can't pay for them. The planes won't be there for long, bowever. Industry analysts say the aircraft are in sucb high demand that airlines from the United States and Europe are waiting in

line to buy them.

Thus lies the story of East Asia's economic crisis. As the region's aviation industry reels - routes are being slashed, plane orders canceled and pa senger traffic is plummeting — the U.S. and European aviation markets are in

"We are still saying that, in terms of the 20-year forecast, it's not going to have that much of an impact," said Carrie Cable, a Boeing spokeswoman, referring to the economic crisis. During the boom years, about 1,000 airlines, an unprecedented number. Now, with the crisis in full swing, many Asian airlines are looking for ways to pawn off some of their planes, whether

Boeings or Airbuses.

Some airlines, like Malaysian Airlines, are selling them outright to get cash. Others, like Singapore Airlines, are using accounting wizardry to get the aircraft off their books: selling them to finance companies which in turn lease them back.

Philippine Airlines, which has suffered the most of all large carriers in the region, is simply leaving 20 of its planes dormant in Manila while it re-

structures its operations.
Other troubled airlines that are being squeezed by a severe cash crunch include South Korea's Asiana Airlines and Korean Air and Garuda Indonesian 'All these airlines are rapidly scaling

down their services: dumping routes, dumping airplanes, and probably more difficult, dumping salaried staff, said Paul Lewis, Asian editor of Flight International, a trade magazine. Some of them are already techni-

cally bankrupt," be added. Despite the gloom, headline oumbers 'It's probably knocked about \$1.5

for the region are out shocking. billion to \$2 billion off of what would

Boeing 737s were delivered to Asian have been the net profit for 1998," said Tim Goodyear, spokesman for the International Air Transport Association in Geneva. "At the same time, it's taken about 3 to 4 percentage points off the growth rate for passenger traffic." He was referring to traffic into and within

> But the numbers don't tell the wbole story. The Asian crisis is hurting small regional airlines the most because the routes they serve are often less profitable than the long-haul international

ASSENGER numbers have declined more dramatically on domestic and regional routes than on long-haul flights, where increased tourism from Europe to places like Thailand is keeping passenger levels relatively high. By contrast, far fewer people are flying between, say, Jakarta and Hong Kong.

Richard Stirland, director-general of the Association of Asia Pacific Airlines.

Association of Asia Pacific Airlines in Manila, says it is unlikely that any of the big national carriers will go out of business, since they often have the sup-

port of their home country.

Small airlines are a different story. Most of them, ooe way or another, probably will cease to exist," be said. Already one small airline, Indonesia's Sempati Air, has suspended op-

erations. The remaining handful of domestic carriers in Indonesia are fighting for survival, faced with skyrocketing costs in rupiah terms for fuel, spare parts

and aircraft leases. Although the regioo's larger airlines are less vulnerable to the crisis, they are far from trouble-free. Crippled by a strike in June, Philippine Airlines has received protection from its creditors while it seeks ways to restructure its operations. The airline has fired thonsands of pilots and employees.

Asiana Airlines is perilously close to bankruptcy, selling off planes simply to keep cash flowing.

And Malaysian Airlines, which anoounced a financial restructuring plan earlier this year, has sold two planes to Quantas in an effort to raise casb. Amid this industry gloom, two giant irports have opened in the region. Kuala Lumpur oow boasts the largest air-

port in Southeast Asia and Hong Kong the most expensive at \$20 billion. 'From the point of view of Hong

Kong, the crisis is a relief," said Barry Grindrod, managing editor of Orient Aviation. "The predictions a couple of years ago were that Hong Kong was going to be at capacity when the new airport opened.

The predictions, it turns out, overestimated passenger traffic by six million passengers a year.

THOMAS FULLER is a special cor respondent for the International Herald Tribune in Malaysia.

Will Its A3XX Permit Airbus to Break Boeing's Hold on Jumbo Jet Market?

U.S. Manufacturer Slowly Changes Course

By Brian Knowlton

ASHINGTON — If you think of the mammoth Boeing Co. of Seattle not, say, as one big shiny 747 jumbo jet but as a fully loaded milelong oil tanker trying to shift course and outmaneuver a frigate in rough seas, you get a picture of the challenge facing the world's largest aircraft maker.

The troubled company has been turning back slowly from its first loss in 50 years but its efforts to put a brave spin on recent setbacks have rung a bit bollowfor some analysts.

In 1997, Boeing got a jolting wake-up call when it posted a net loss of \$178 million, after net income of \$1.8 billion in 1996.

British Airways turned to its arch-competitor, Airbus Industrie, and ordered as many as 188 short-haul planes worth a total of \$11 billion. That followed a setback last year when US Airways ordered 124 planes, worth about \$6.2

billion, from Airbus. Clearly, the company confronts an urgent set of questions: Are Boeing's efforts to rethink, rerationalize and retool its production facilities moving quickly enough? What will be the impact of Asian problems? And bow will the battle between it and its rising Euro-

pean rival shake out? The company's management team is feeling the pressure, especially since Boeing's share prices have lost more than a third of their value this year.

"There is a certain group of investors screaming for their blood," said Pierre Chao, senior acrospace analyst at Morgan Stanley Dean Witter.

They got some last week when Boeing announced that Ronald Woodard, head of its Commercial Airplane Group since 1993, was being forced out in the face of continuing production and fi-nancial problems. He was replaced by Alan Mulally, chief of Boeing's defense

and space group.
"We have experienced unsatisfactory financial performance with our commercial airplane operations," said Philip Condit, Boeing's chairman and chief executive officer. "We concluded there must be significant changes in the composition of the management

In flusher times, Boeing developed production methods that were largely intended to give clients the greatest possible array of options but that in today's competitive world appear inefficient and costly. For instance, at the 747-400 assembly plant in Everett, Washington, small teams of workers use hand tools; there are no robots.

The choices Boeing offered clients were legendary. Customers could choose from among more than 100 shades of white paint. A pilot's clip-board was offered in more than 20 styles. Combined with an inventorytracking system that required a separate paper trail for every part in a plane — and the 747 includes about six million parts — this resulted in production delays, slow inventory turnovers and very slow response times.

In 1992, the company began to try to change things. It now has a team of 2,000 employees — in a \$1 billion, multi year effort — working on ways to streamline the producton process.

Boeing is discarding 400 separate computer database systems used to track parts in favor of a single system. It is devising, and implementing, ways to lower manufacturing costs by at least one-fourth, and to double the speed with which it turns over its costly inventory, aiming to turn over inventory four times

But trouble came last year when or-

est productioo increases since the dawn of the jet age. In a frantic effort to keep up, parts from suppliers arrived too sooo or too late, and jobs were completed out of order, leading to large amounts of overtime and work at times having to be undone and then redone.

To recover, Boeing had to halt its 747 and 737 assembly lines for a month. At the same time, the company was digesting its recent \$16.3 billion acquisition of McDonnell Douglas. It

spent \$1.4 billion last year to phase out some McDonnell Donglas production lines (for the MD-80 and MD-90), retrain employees and upyear, it expects to spend running smoothly.

Added to that was its takeover, in 1996, of the defense and space opcrations of Rockwell International in a \$3.2 billion deal. Thus, in a relatively sbort period, Boeing's work force went from 112,000 to 238,000. It now aims to reduce that, perhaps by

These kinds of things are extremely difficult and take a lot of time, but there appears to be progress, said

Boeing reported July 23 that factory operations were getting back in sequence. On its Next-Generation 737 jet, the number of jobs behind schednle ha fallen from a high of 8,500 to around

The company acknowledges that all the production problems have not yet been ironed out on its Next-Generation 737 and 747 production lines and, to a lesser extent, on the 757 line. Boeing reported a \$219 millioo aftertax loss on the NG 737 in the first quarter of this year because of production difficulties.

To ease the productioo crunch at the o ease the production crinics at the plant in Renton, Washington, where 737s are assembled, Boeing said recently that it was transferring a 737 production line to a former McDonnell Douglas plant in Long Beach, California.

As a spokesman, Peter Conte, said, We must have our factories substan-

tially back to health by this year.' But Boeing's ultimate goals will not be met that soon, said Peter Jacobs, aerospace analyst with Ragen Mackenzie, a brokerage in the Pacific North-

west. "They have yet to realize any cost savings," he said. "Their costs are above where they were three years ago."
The objective of cutting manufacturing costs by 25 percent, he said, "will

likely take three to five more years to fully realize." All this has made the compedition with Airbus especially painful.

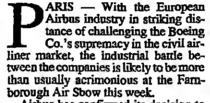
For maximum leverage, airlines have begun negotiating longer-term agreements. Boeing's prices for commercial jets, some analysts say, are down 20 to 30 percent from just two years ago. To secure the order from British Airways, Airbus may have had to discount by 40 percent, some sources said. However, an Airbus spokesman called that allegation "mbbish." Amid price squeezes and the high cost

of retooling, Boeing expects its revenues to be well up this year, close to \$55 billion or \$56 billion, but with earnings of less than 2 percent net return on sales. Meanwhile, both Boeing and Airbus expect damage from the fallout of the

Boeing projects, 150 orders for airplanes will be lost as a result of that crisis in the oext several months.

"We haven't seen all the shoes fi-nally drop in Asia," said Mr. Chao. However, he pointed out that nearly 70 percent of world air traffic is in North America and Western Europe, "and that is very healthy."

BRIAN KNOWLTON is on the staff of the International Herald Tribune



By Barry James

Airbus has confirmed its decision to

market now mooopolized by the Boeing 747, patting it on a direct path of coofrontation with its American rival.

ARIS — With the European Airbus industry in striking distance of challenging the Boeing

build an ultra-large transport to exploit a

After detailed studies, Boeing claims there is oo viable market for a new jumbo jet, and has chosen instead to upgrade the 747 and extend the flight range and capacity of its 777 series.

The Airbus decision to build a 550-

550-Seat Plane Likely to Rekindle Trade War

passenger jet carries with it the prospect of a trade war in the aerospace sector. It could lead to renewed American charges that the four-natioo consortium is-beoefiting unfairly

from government subsidies, an allegation that Airbus denies. It countercharges that Boeing's civil manufacturing activities are pany's involvement in

the defense sector. After taking office earlier this year, Airbus's managing direc-tor, Noel Forgeard, reaffirmed

consortium's goal of winning at least half the market for airliners above 100-scat capacity within the next five years. Boeing's aim is to capture 65 percent of the market over the next 10 years.

Last year, Airbus took 40 percent of the market, and booked a record 460 firm orders valued at nearly \$30 billion, up 50 percent from 1996. Boeing took in 568 orders valued at about \$42 bil-

To achieve its target, industry analysts say, Airbus needs to challenge Boeing's supremacy in jumbo jets. The 747 is indispensable to many airlines on heavily traveled routes, and is a casb cow for Boeing. The analysts say it is also a powerful marketing incentive, making it easier for Boeing to sell other aircraft in its range and to persuade airlines to operate all-Boeing fleets.

Airbus says its competing aircraft, code-named the A3XX, will be 20 percent cheaper to operate than the 747, and will start with the benefit of modern design concepts rather than being an adaptation of an aircraft that began life in the 1960s on the basis of a military transport concept. Meanwhile, Boeing has yet to conclude studies on future developments based on the 747.

After close consultation with 20 air-lines that are potential customers for the jet, Airbus plans to complete the design of the two-deck A3XX by the end of this year. Mr. Forgeard said commercial offers to airlines would begin next spring, and the manufacturing program would be launched late next year, with the aircraft scheduled to enter into service in 2003. But before it can begin manufacturing,

Airbus has to complete its transition to a stand-alone company, blending four corporate structures into a single enterprise by the end of this year. Airbus is now a 'grouping of economic interests," involving Aerospatiale of France, Daimler-Benz Aerospace of Germany, British Aerospace and Constructiones Aeronauticas SA of Spain. Without a clearly defined corporate structure of its own, Airbus is hampered in bringing in outside partners in Europe and Asia and raising capital on international markets.

In 1992, a bilateral agreement be-tween the European Union and the United States headed off a trade war by capping direct government aid at 30 percent of development costs and limiting the amount of indirect aid, such as crosssubsidizing from military programs. Airbus thus needs outside cooperation and capital to help defray the \$9 billion deelopment costs of the A3XX. Of course, Airbus does oot share Boe-

ing's pessimism about the market prospects for a new very large aircraft, The consortium's annual Global Market Forecast predicts that by 2017 the proportion of fleet capacity provided by aircraft with more than 400 seats will. increase to 21 percent from 1 percent at present. It also predicts that jumbos will account for 26 percent of the estimated \$1,2 trillion that airlines will spend on buying some 13,600 new planes over

Mar- Minne

the next 20 years.

The A3XX would be the starting point for a series of aircraft with different passenger and cargo configurations: Airbus engineers say the A3XX could be enlarged to carry up to 800 passengers while remaining within the constraints imposed by airport runway and terminal infrastructures. The consortium argues that the growth of air traffic in the oext century and the prospect that the number of airports will remain more or less. constant means that there will be a de-mand for aircraft capable of carrying such large numbers of passengers.

Part of Airbus's strategy has been to

ensure that all its new aircraft handle similarly, use common parts and have analogous flight decks, with fly-by-wire controls and identical computerized instrument displays. Such interchangeability cnables airlines to hold down costs by reducing their inventories of spare, parts, and by assigning pilots to different aircraft types with little or no additional training.

T ALSO increases the likelihood that airlines will buy planes from a single supplier as they extend and modernize their fleets. This tends to favor Boeing, because airlines often purchase new planes on the basis of bowwell they fit in with their existing fleets. About 80 percent of the world's commercial airliners are products of Boeingor McDonnell Douglas, which Boeing has acquired.

Airbus argues that it cannot reap the full benefits of commonality until it can sell airlines an alternative for every, plane that Boeing has on offer. This it can now do in every sector except the largest. Hence the importance of building — and selling — the A3XX.

Both Airbus and Boeing are seeking.

to develop their product range in othercategories as well. Boeing has launched the 245-sear 767-400ER to compete against the Airbus A330-200 and to fill, a seat gap between the 767-300 and the 777-200. It launched a stretched version of the 757-100, the 243-seat 757-300. and has been working on longer-range developments of the 777-200/300 series to compete with the Airbus high-capacity A330 twin jet and the ultra long-range four-engined A340, both of which the consortium is promoting as alternaoves to older 747s and the McDonnell: Douglas MD-11.

Boeing is continuing the develop ment of the MD-95, which it has rebaptized the Boeing 717 and which the company says fills a need for planes of about 100-seat capacity.

But Airbus has dropped immediate plans to develop a 100-seat aircraft that would compete directly with the 717. The consortium said it could not make a strong enough business case to develop a plane smaller than its 124-passenger-A319, a sbortened-fuselage version of the A320. The decision was affected by the downturn in the economies of Asia, the intended markets for such a plane; which was to bave been produced with manufacturers in China and Singapore;

BARRY JAMES is on the staff of the International Herald Tribune









The A3XX will finally allow Airbus to offer an alternative to Boeing's 747. Three members of the Boeing wide-body family, in bottom photo, are the 747-400, in foreground: the 777-200, center, and the 767-300ER.

AVIATION / A SPECIAL REPORT

In Europe, Barriers **To Consolidation Fall**

Decision to Privatize Aerospatiale Hailed

By Joseph Fitchett

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Jet Market

dle Trade War

ARIS — The most important development this year for the future of Europe's aerospace industry was the French govemment's decision to privatize its biggest state-run defense company. Aerospatiale.

That judgement is shared by executives, government officials and analysts across Europe because the French action preserved Europe's momentum toward consolidation among the Continent's myriad national military contractors. German and British defense

companies are eager to expand infernationally but only with other private companies, and thus they were frustrated by French reluctance to end state ownership in this strategic sector. By last spring, speculation was rife that Bonn and London were ready to abandon their hopes for a three-way partnership with France and to proceed with a bilateral defense industrial alliance, initially by merging their aircraft manufacturers into a single binational company to build the Eurofighter.

France would have been marginalized, and Europe exposed to a civil war in armaments in which no European company would have been hig enough to prevent U.S. mega-companies from picking off the Continent's markets and companies.

That scenario seems less likely since the Socialist government of Prime Minister Lionel Jospin announced in late July that Aerospatiale would be privatized in January as part of a merger with Matra, a private French defense electronics manufacturer.

The French government will retain a "golden share," meaning a veto, in order to "protect the national security interest." But Matra was promised, along with its 34 percent share, management control of the new company.

Significantly, Matra is already engaged in major joint ventures with ritain's leading defense companies and with Germany's Daintler-Benz Aer space. The choice of Matra seemed to confirm, experts said, a readiness in Paris to participate in a wave of cross-border mergers involving companies in France, Britain Industrie. The good news for Mr. and Germany, the European countries Forgeard in the Marra-Aerospatiale with significant defense industries.

a factor holding up the process of restructuring the arms industries, and the new group will be a powerful partner in the future conglomerate that should combine the aerospace activities of German's Dasa, British Aerospace and both Aerospatiale and Dassault from France," said Elie Cohen, a French government specialist in industrial policy.

The aim of this vast restructuring is

a European aerospace and defense company that will pool and downsize Europe's arms makers and unify its military markets. In size, a merger of Europe's top four defense contractors would surpass Lockheed-Martin, but the real challenge is competitive per-

Manfred Bischoff, chief executive of Daimler-Benz Aerospace, says that a European manufacturer must provide the weapons that Europe needs at a cost Europe can afford. That is why he, like John Weston, the chief executive of British Aerospace, believe a European defense industry shoold only involve private companies without government ownership. Only then, they say, will mergers provide economies of scale as well as alize a bloated industry.

Even though the Aerospatiale deal preserved a nominal government role, European aerospace executives said they were heartened by it as evidence of a more realistic attitude in the Jospin government. Last year Thom-son-CSF, the country's leading defense electronics firm, was privatized by selling it to Alcatel.

Matra, which lost out on Thomson, offers an ontward-looking management that differs from the nationalistic approach traditionally associated with French aerospace. But Matra's new role will strain the resources of its owner, the Lagardere Group, which may have to sell its publishing businesses centered on Hachette.

Jean-Luc Lagardere has finally gained the industrial prominence he has long sought in French defense, but at age 71 wheo he has already started to hand over leadership to his son, Amand, 37.

Meanwhile, Noel Forgeard, 52, resigned last year as Matra's chief executive to take the top job at Airbus



ough enough management to ration- A launching of Ariane 5, part of Aerospatiale's missile program.

should smooth the process of restruc-turing Airbus to make it a normal commercial enterprise instead of a loose partnership among Aerospa-tiale, Daimler-Benz Aerospace, Brit-ish Aerospace and Casa of Spain.

RITAIN and Germany. pressing to fuse operations under an independent man-agement, have been infuriated by a reargnard action waged by Yves Michot, chief executive of Aerospatiale, to prevent his company from being swallowed up in Airbus. Matra executives, more attuned to

British and German ways of thinking, want to push through the corporate makeover at Airbus, partly as a way of prefiguring a future European defense conglomerate. It may take more time to digest

though Matra sees the two companies as a good industrial fit, especially in for the European space program. It their defense industrie also built France's ouclear missiles and exclude France." rith significant defense industries. merger is that his old company will until the program was canceled. Its

France "recognized that the na- now take charge of France's 37.9 per- shorter-range missiles include Exo- JOESPH FITCHETT is on the staff tionalized status of Aerospatiale was cent holding in Airbus. That change cer. They complement the missile

work by Matra, which is stronger in sophisticated electronics and sensors. Aircraft are Aerospatiale's mainstay. Besides Airbus, it manufactures a wide variety of civilian and military helicopters. Matra will be venturing into new territory, especially with respect to Dassault, maker of the

Aerospatiale recently took over the Prench government's stake in Dassault, 47 percent of the company. Dassault is essential to Matra-Aerospatiale's strategy for negotiations on a European cooglomerate with British Aerospace and Daimler-Benz, which both build combat aircraft.

Mirage and Rafale fighter-bombers.

While strengthening its hand, Matra could alienate its prospective British and German partners by appearing to seek a position of dominance. Despite the favorable initial reactions to the other parts of Aerospatiale, even Matra-Aerospatiale merger, a Matra executive warned late last month that there remains a risk out there, which missiles. Aerospatiale builds ballistic I can't quantify but which is palpable, missiles, including Ariane launchers, that Germany and Britain will fuse that Germany and Britain will fuse their defense industries in an alliance

of the International Herald Tribune.

Engine Makers Feeling Heat

Drop in Demand Intensifies Competitive Pressures

By Tom Buerkle

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ONDON - The business of supplying engines to the world's comnercial aviation industry has always been a cumbroat one, but several forces look set to intensify the competitive pressures among the three main players.

The drop in demand for wide-body jets because of the economic crisis in Asia, the biggest market for wide-bodies, has aggravated

the competition to power the Boeing 777.

General Electric Aircraft Engines, Pran & to be losing big money in this segment, the area with the most brutal three-way competition. Some analysts question whether General Electric will stick with its GE90 engine, currently the No. 3 entrant, especially if British Airways Plc switches from the GE90 to the Rolls-Royce Trent for its latest order of as many as 32 777s.

The weakness in demand for wide-bodies also has shifted attention back to the market for single-aisle aircraft, which are expected to account for 60 percent of the 15,000-odd commercial airplanes likely to be ordered in the oext 20 years. Here Pratt & Whimey, a division of United Technologies Corp., has stirred the industry by announcing plans to develop two new engines, a move that could signal the demise of its partnership with Rolls-Royce in the International Aero Engines AG

"We're not happy with our market share in the narrow-body segment," said Robert Leduc, senior vice president in charge of com-mercial engine programs at Pratt & Whitney.

Meanwhile, continued cost-cutting in the airline industry is pushing engine makers to improve the efficiency and reliability of their products, and to take on more of the work of servicing them. "Reliability and cost of purchase are the drivers today," said Rick Kennedy, a spokesman for GE Aircraft Engines. Airlines "want something they can just put the key in and it starts every day

GE is pushing hard on this front. At CFM International, the joint venture between GE and France's Soecma that dominates the single-aisle sector, engineers are seeking to redoce the oumber of engine parts and to raise fuel efficiency. The aim, said President Robert Laviec, is to lower the cost of ownership by 15 percent to 20 percent by the year 2000.

GE Engine Services, meanwhile, has huilt op a leading positioo in engine overhaul and maintenance, reflecting the increasing emphasis on service revenues at all General Electric Co. divisions, GE acquired two U.S. engine service companies last year, UNC and Greenwich Air Services, and established servicing joint ventures with Malaysian Airline Systems and Taiwan's Eva Airways. Service and spares will be worth about \$5 billion this year, or 40 percent of total revenues at GE Aircraft Engines, with about half of that comPran & Whitney also plans to have a service capability on every continent. Service revenues are expected to hit \$1

illion this year. The competitive pressures have revived debate about potential consolidation among the big three engine makers. After all, there are only two main airframe makers left since Boe-

g Co,'s purchase of McDonnell Douglas. In March, Rolls-Royce and Pratt & Whitoey clashed verbally over a potential merger. Sir Ralph Robins, the chairman of Rolls, was the competition to power the Boeing 777.

General Electric Aircraft Engines, Prant & oo controlling any combined entity, a conWhitney and Rolls-Royce Plc are all believed dition that Prant's chairman, Karel Krapek, said would prevent any deal.

Rolls is in a position to be demanding, coming off its best year ever. It took 34 percent of the orders in the segments where it competed in 1997, up from 20 percent the previous year.

It won \$4 billion of orders for its Trent 500 for the new Airbus A340, where it is sole supplier; and its BR715, built in collaboration with BMW, was chosen as the sole engine for the 717, Boeing's new entry in the 100-pas-senger jet class. Militarily, Rolls participates in the consortium to power the Eurofighter and is guaranteed a significant stake in the eogine for the U.S. joint-strike fighter, whether GE or Pratt wins the majo contract.

The market is large enough to sustain three manufacturers, what with airlines expected to order more than \$300 billion worth of engines and spares over the next 20 years, said Peter Barnes Wallace, a spokesman for Rolls. But the trend toward having one or two engine suppliers for each aircraft is likely to continue.

Pratt & Whitney, meanwhile, is struggling to regain its former dominance. It has the most eogines in service — some 15,000 globally — but many of them are on old DC-9s and 727s that are rapidly being decommissioned. Pratt, like Rolls, has a 32.5 percent stake in Ioternacional Aero Engines, which has sold more than 400 V2500 engines this year for the Airbus single-aisle family, the A319, A320 and A321. But that pales next to the 1,300 engine orders that CFM Internanooal projects for its CFM56, the sole engine on the Boeing 737, the world's best-selling aircraft.

Pratt has a two-pronged strategy for winning back market share, beginning with plans to develop a PW6000 engine for 100-seat jets. Mr. Leduc said the company hopes Airbus will give the go-ahead at Farnborough to a 100-seat version of the A319, creating a potential market for the engine. Pratt also has anounced plans to develop s PW8000 for what it bopes will be a new generation of long-range A320s. If Airbus goes ahead with that aircraft sometime after 2000, it could force Boeing to respond and give Pratt a chance to get its gines back on the 737, Mr. Leduc said.

The strategy contains a lot of ifs, however. and some analysts doubt whether the engines will be built.

TOM BUERKLE is on the staff of the International Herald Tribune.

EU Fears Alliances Foster High Fares

RUSSELS - Since the deregulation of Europe's airline industry in the spring of last year, has there been a significant impact on prices?

The answer on some routes is little or none, and prices in Europe - with the exception of charter fares - generally remain far higher than in the United

Concern that deregulation is not fully living up to expectations has led the European Commission, the executive body of the European Union, to turn its attention to the effect of inter-airline alliances oo prices within the 15-natioo

The problem was brought home when the presidency of the EU switched from Britain to Austria in July and commission officials found out firsthand about the high fares set between Brussels and Vienna hy both the Belgian carrier Vienna hy both the Betgian Carrier Sabena and Austrian Airlines. It costs Deregulation on both more to fly between the two cities than from New York to Los Angeles, or Lon-Hon to New York.

The two airlines belong to the European Quality Alliance, a group that also includes Swissair and Delta Airlines, which has an effective monopoly oo the

Before the successive stages of European airline deregulation, Sabena and Austrian Airlines carved up the market and set fares according to bilateral govcrament-to-government deals. In theory, deregulation should have seen them competing head-on for passengers. But commission officials say their joint membership in the alliance appears to have eroded any spirit of competition, and the effect is that fares remain as high as the market will bear.

Karel Van Miert, the commissioner in charge of anti-trust issues, recently cited the Brussels-Vienna fare rate as an example of why the commission intends to widen its investigation into the alliances in the coming weeks.

He accused the alliance of setting up a "closed shop" on some routes, and promised that his department would "pay very close attention" to the matter.

The Brussels-Vienna service also tends to be poor, as Austrian Airlines demonstrated when it left behind at Brussels airport about 30 journalists who had been invited to attend cercanonies marking the handover of the EU presidency. The reason, the airline's officials explained, is that the carrier habitually overbooks its flights. It was just unfortunate for the airline that, this time, somebody noticed.

In theory, there is nothing to stop any other airline based in the EU or the European Free Trade Area from competing on the route. In practice, said Stefan Rating, a spokesman for the commission, the barriers for entry on this, as well as on many other routes, remain high because of the shortage of airport landing and takeoff slots, the pressures on the air traffic control systems and

frequently between Brussels and Barderegulation but have now climbed back op to their old level.

One measure the commission could take on routes where it deems there is insufficient competition is to oblige ex-isting carriers to make slots available to rivals for a limited period to enable newcomers to get established.

This was the solotion it adopted re-cently in approving the proposed alliance between which Airways and American Airlines, which is expected to control about 60 percent of the trans-Atlantic market if it jumps the remaining reg-ulatory hurdles. The commission said the airlines must make 267 weekly takeoff and landing slots available to rivals at London's Heathrow airport, as well as reducing flight frequencies to three American cities for a six-month period. The relinquished slots must be at convenient

sides of the Atlantic has led to less rather than more competition.

traveling times, and the commission has ruled out the question of airlines selling the slots they already hold.

The commission also is concerned that airlines are using their frequent flyer programs, which have become a big business in their own right, as barriers to entry by rival carriers. In approving a link between Lufthansa and SAS, it required the airlines to open their frequent mands at flyer benefits to rivals wishing to operate airports. on the most important routes covered by

Deregulation has permitted a number of low-cost airlines to take to the skies in Europe, but usually these operate from secondary airfields rather than at the hubs. such as Heathrow, which an airline needs if it is to compete in the big league.

U.S. watchdogs also are concerned to protect competition against predatory pricing by major carriers that dominate the key hub airports and the potential anticompetitive nature of the big alliances. Complaints about high prices have

poured in from business or 'nondiscretionary" travelers. Average U.S. fares have come down 46 percent in real terms since deregulation, but by some estimates full fares have increased by as much as 70 percent on some routes where there is no competition.

Last year, according to American Express Travel Services, prices rose across the board by 9 percent -11 percent for full fares and 8 percent for discount

Bills are pending before Congress that would give more landing slots to new airlines at busy airports. The Department of Transportation has proposed new guidelines on "unfair exclusionary conduct by airlines" that would come into where competition does not exist

other factors. Mr. Rating, who travels effect if the response by major carriers to competition by new entrants was concelona, said prices on that route fell after sidered not "reasonable." Unreasonable conduct would include such practices as temporarily adding seats and discounting fares to drive competitors out of business. In addition, the Department of Instice is investigating possible anti-trust violations by big airlines.

The proposed tie-up between American Airlines and British Airways has alarmed competing airlines in the United States, where an active anti-alliance lobby has emerged in Washington.

Experts oo both sides of the Atlantic

agree that the alliances give established airlines a powerful weapon to fend off attacks by potential competitors.

Contrary to predictions, deregulation on both sides of the Atlantic has led to less rather than more competition. The move toward concentration has been greatly accentuated by hub and spoke airline systems that place a premium on

dominating a major airport.

Already, more than half the world's jet fleet is operated by just 17 airlines. And more than half of passengers fly oo an airline belonging to one of four megs-

In short, global alliances are becoming an alternative to mergers in an industry that still is largely fragmented into national carriers and hidebound by govnment-to-government agreements.

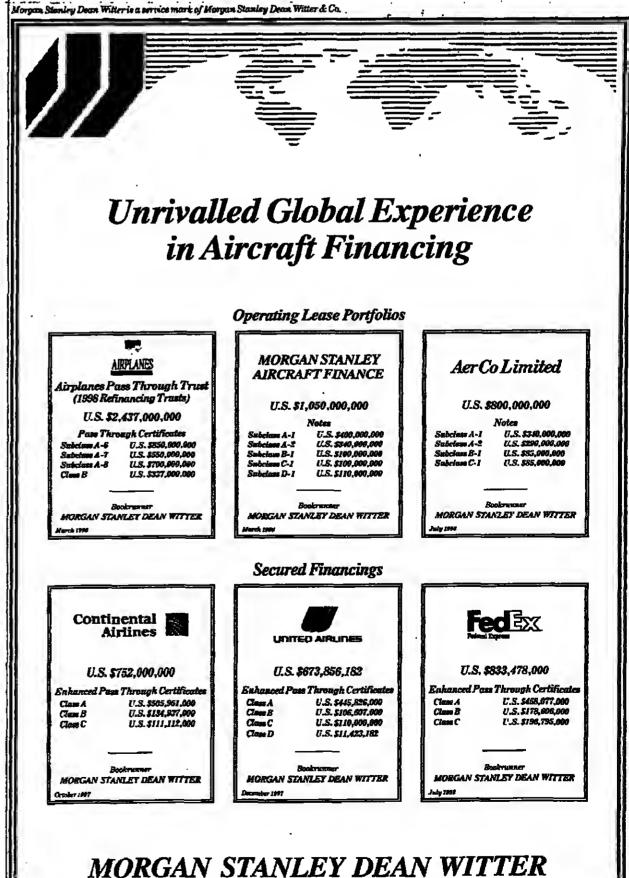
In taking on the alliances, the commission is limited by the refusal of govemments to give it a full international oegotiating mandate, as it has oo general trade matters. For example, the commission has been unable to prevent member countries from concluding "open skies" agreements with the United States, which Washington demands as the price of access to American

Commission officials argue that the agreements make it possible for American carriers to extend their hub and spoke system to Europe, while keeping their domestic networks off-limits to European carriers.

Worse, the officials say, the open skies agreements stifle competition in Europe by stipulating that only certain airlines can fly oo certain routes. For example, the bilateral agreement between Germany and the United States forecloses access to noo-German or oon-American carriers, making it impossible for other European carriers to compete on trans-Atlantic routes originating or

terminating in Germany. Mr. Van Miert's department is determined to challenge the open skies agreements in the European Court of

In deregulating the European air space, the commission has established a level playing field in theory. Certainly prices have come down and services have improved on many routes, and there is more choice of destinations. But as the Brussels-Vienna example shows, full-fare passengers in Europe as in the United States do not appear to reaping the full benefits of deregulation on routes



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MONO NATIONAL MARK

Emerging Markets: Seeking Value in Selected Countries

By Jonathan Fuerbringer

NEW YORK - Emerging markets are on hold.

After a decline that has seen the Morgan Stanley Capital International index of emerging markets plummet 33 percent since mid-July, even the "attractive" values that are peeking through the wreckage are still too risky for some professional

Consider Telebras, the Brazilian telephone company. In July, the Brazilian government sold its controlling share to the public at a price well above forecasts. Now the stock is down 52 percent since July 30. William Sterling, the global strategist at BEA Associates, an investment management firm, ac-

Telebras tempting. The valuations are incredibly attractive now," he said. "Typically, when markets have been this cheap, they have outperformed over

knowledged that the plunge makes

Even so, BEA is keeping its sult of investor withdrawals. But the competition around the world.

Cornell said, is Central Europe, inmarket for a few more months even cluding Poland and Hungary, described in though it will join Europe's single so unsettling at the moment," Mr. from Latin American funds, where the overall ootlook. Many analysts spite the fact that markets there have currency in January.

values going down even more."

In an environment like this, tipmarket is damaged permanently or just for the next six months," said Desmond Lachman, head of emerging-markets economic research at Salomon Smith Barney

Mutual fund investors may not be some money out of emerging

INVESTING

markets, most recently in Latin America. Many fled Asia long ago. If developments scare investors even more, that will just add to the downward pressure oo markets from Thailand to Indonesia, Russia just relying on the fund's name. to Hungary and Mexico to Brazil.

Total assets are down 25.5 percent this year for the emerging-markets funds that supply information to AMG Data Services.

Of this decline, one-fifth is a re-Even so, BEA is keeping its sult of investor withdrawals. But the powder dry. The fundamentals are money is flowing out moch faster

that from Asia and Pacific funds: toeing through the next couple of And emerging markets still face tremonths will be tricky for investors. mendous problems that could set off "It is difficult to know whether this more selling, such as devaluations, currency controls, and a slump in commodity prices.

This means investors need a new approach.

Throwing money at emerging markets as a broad group is not panicking yet, but they are pulling advisable, analysts say. In fact, the Morgan Stanley emerging-markets index has fallen in three of the last index has fallen in three of the last four years and is down 42 percent on this period as a wonderful buying

this year.
Choosing countries carefully will be important, especially those that are not well-known, analysts say. This includes checking where a mu-tual fund actually has invested, not known as Fernsa, she is avoiding

When emerging markets begin to turn around, the profits, several analysts said, will come from owning the right companies, selected not also by how they match up with their

Sterling said, "it's easy to see good the average rate of weekly with- fear that decorning problems in all been down this year. values going down even more." drawals since June is three times Russia and Asia will force Brazil to Although the countri devalue its currency, the real. Devaluation would probably set off

another wave of selling. "The contagion has been savage," said Christopher Alderson, who is in charge of emerging markets at Rowe Price Fleming in Lon-

But Joyce Cornell, lead portfolio manager of the Scudder Emerging Market Growth fund, is guardedly optimistic about emerging markets.

portunity," she said. But though she is doing some buying in Mexico, including stocks like Fomento Economico Mexic-

Asia is also off-limits, in Mrs. Comell's view. "Asia is not worthy of much se rious investment for some time, and

riskier countries such as Brazil.

only by their strength at home but I mean a long time," she said. also by how they match up with their A region that should do well, Mrs.

Although the countries are situ-

ated close to Russia, she said, their main trade links are with the European Union

She also likes the Middle East, including Egypt (down sharply) and Israel (off less), and some countries that get even less attention, like Ghana and Morocco.

The Moroccan stock market has posted gains during the recent crisis, and Ghana has held steady; each is up significantly in dollar terms for

the year.
"That gives you a lot to choose from," she said, even if her list omits the hig-name emerging mar-

Still times are tough, even for savvy investors who steer clear of the craters. Mrs. Cornell never had any money in Russia, and she made an early exit from Asia, meanwhile turning up winners in the outback of

emerging markets. She got a lift from Portugal, which is up 31 percent this year and is still classified as an emerging market for a few more months even

Earnings to Fall by 30% in Japan TOKYO (AFP) — Depressed domestic demand and the Asian economic crisis led major Japanese companies to suffer a

drop of nearly 30 percent in earnings for the April-to-September period, according to a newspaper survey published Sunday.

The Nihon Keizai Shimbun said pretax profits at listed. companies for the half ending Sept. 30 were projected to fall-27.6 percent from a year earlier, down 5.7 percentage points. from an estimate in June.

Greece Sets Timetable on Inflation

THESSALONIKI, Greece (Reuters) - Prime Minister Costas Simitis said Sunday that Greece could cut inflation to less than 2 percent next year, enabling it to join the single

European currency in January 2001. "We consider the inflation target for 1999 feasible," he said "We have to fight hard to achieve this target because it is a criterion that will put us into the European Economic and

Monetary Union." Inflation, which is considered Greece's biggest hurdle to joining EMU, was running at 5 percent year-on-year in August Mr. Simitis said it would be close to 4.5 percent at the

World Bank Fires 2 for Fraud

WASHINGTON (Bloomberg) - The World Bank, which has been battling corruption in the emerging economies is lends to, said it had fired two employees for skimming money from bank trust funds.

The two staffers were among three employees suspended in July. The staffers dismissed Friday had used about \$110,000. of trust money for personal gain, the bank said.

CAPITALISM: Global March Stymied?

Continued from Page 13

Clinton administration officials. while alarmed about the recent turn of events in Russia, profess to see Malaysia's move as less of a threat to the economic model. They say that Malaysia's economy will undergo an even more wrenching downturn as the inflow of foreign money dries up in response to restrictions oo taking capital out.

'Malaysia's going to provide a good negative example to everybody, and in that sense what they've done may turn out to be a constructive contribution," a

senior administratioo official said. So far, however, Malaysia's stock market, after gyrating wildly, has posted gains since the controls were imposed. A oumber of economists have acknowledged that the country may be making a sensible trade-off --- a lower chance for strong growth over the long term, in exchange for lower vulnerability to crip-pling withdrawals of funds from abroad.

Even Britain's stannchly free-market Financial Times editorialized this week after Mr. Mahathir's move that capital controls, though "dirty words in today's economic orthodoxy," must be

Figures as of close

considered as an option by some conntries because "unfettered movements of

capital can have devastating effects." All this is a far cry from the atmosphere earlier this year, when the IMF and the U.S. Treasury expressed pleasure that South Korea and Thailand were embracing such principles as clear accounting rules and the breakup of

cozy government-corporate linkages.
U.S. and IMF officials had hoped to make the case for a new global financial system that would involve even greater openness in capital markets — a dream that appears to have been rapidly overtaken by events.

In their nightmares, free marketeers imagine how the crisis could fuel antiglobalization sentiments in the United States as well, as cheap imports flood in from Asia and U.S. exports shrink.

"You could get this linkage — the Asian crisis adds to our trade deficit, which pushes people here to back away from free trade, and that fuses with the Asian moves on the capital side," Mr. Bergsten said, "Then the fat would really be in the fire. That could really start to unravel the structure of the international economy.

French Executive Sees Airbus Delay

ROTHERWICK, England The transformation of Airbus Industrie into a single entity will take six to nine months longer to complete than planned, according to the chairman of Aerospatiale SA, one of four partners in the European partnership.

The aerospatiale executive, Yves Michot, attributed the delay in meeting the Jan. 1 deadline to the "complicated" nature of assembling assets from four separate companies and satisfying the different interests of the four partners. He was speaking in Rotherwick, near London, before the Famborough Air Show that begins Monday.

On Thursday, British Aerospace PLC, another Airbus partner, said it preferred to postpone the creation of an Airbus corporation until Europe's defense and aerospace companies had first formed one large company grouping all civil and military assets.

RULES: Markets Cope With the End of the 'Too Big to Fail' Era

on the dollar in anticipation

that Russia will default. Another possibility is that the banks had behaved cautiously and hedged their operations in Russia with domestic banks that are now

effectively bankrupt.
The third possibility is that siren of interest rates as high as 140 percent and lent money in exchange for short-term debt denominated in rubles on the conviction that it was a safe investment because the International Monetary Fund, operating under instructions from the G-7, would never allow Russia to go bust.

Emphasizing that no details have been furnished on under way a global redefinhow the losses were incurred, ition of risk and a reassess-

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market value their holdings of less" of Western lenders to Russian government foreign- assume "that Russia's banks highly volatile. currency bonds. These secu- would be protected. But even rities are trading at 10 cents so, everyone knew the Russian banks were pure speculators." As for the possi-bility that Western banks were lending unhedged in rubles, the official said: "I would find it very strange be-

havior. Meanwhile, events have amplified investors' anxieties the banks succumbed to the about the inviolability of a rules-based financial system. The rules suddenly changed in Hong Kong, where the Mooetary Authority began using its reserves to prop up local stock prices in a maneaver to thwart speculation. And the rules were changed in Malaysia, which isolated it-

self with capital controls. · As a result, there is now

a central banker, asking to ment of how that risk should

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Continued from Page 1 remain unidentified, said that be valued. Until the reassessit would not have been "reck- ment is completed, asset prices are certain to remain

'We're witnessing a fundamental repricing of risk," said John Llewellyn at Lehman Brothers. "Spreads had got quite narrow and won't get back to where they were for a very long time, if at all."

He added: "We're in a new world, a riskier world, where the IMF couldn't and the G-7

al scale. The rules of the game. changed suddenly, without

notification." And so the crisis now infects the foreign-exchange market. The dollar ended last, week down 6 percent at: 133.57 yen, its lowest level since May. In Europe, the dol: lar hit lows not seen since.

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November, ending at 1.7345. DM and 1.4198 Swiss france. — slightly above its weakest? wouldn't play the role of levels.

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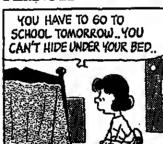
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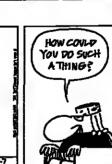


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Soccer's United May Be Sold To Murdoch

LONDON — Satellite broadcaster BSkyB, which is 40 percent owned by the media magnate Rupert Murdoch, confirmed Sunday that it was in discussions with the Manchester United soccer club that could lead to a takeover

Earlier, the Sunday Telegraph said that Sky could offer up to £575 million (\$959 million) for the most famous club in the English Premier League.

The Board of British Sky Broadcasting Group PLC has noted the recent press speculation, and confirms that it is in discussions which may or may not lead to an offer being made for Manchester United PLC," the brief statement said.

BSkyB has held exclusive rights to broadcast the Premier League, contested by the country's leading 20 teams, since its inaugural season in 1992-93.

Two years ago, it paid £647 million to renew those rights until 2001.

A statement from United mirrored the BSkyB statement.

"The board of Manchester United has noted the recent press speculation regarding the company and confirms that it is in discussions with British Sky Broadcasting Group PLC which may or may not lead to an offer being made for the company. A futher announcement will be made in due course.'

A spokesman for United, which is being advised by HSBC investment bank, said that any decision by the club would be made with the interests of shareholders, supporters, players and

Sports Minister Tony Banks, a keen soccer fan, said he was worried that a takeover of Manchester United, one of the wealthiest sports clubs in the world. would give Australian-born Murdoch too much dominance of soccer and its

Mardoch bought the Los Angeles Dodgers baseball team earlier this year, and through his Fox television network. he owns shares in the New York Knicks in basketball and the New York Rangers

He also owns a sizable chunk of Britain's national press, including the top-selling Sun tabloid, its Sunday equivalent, the News of the World, and The

United is one of English soccer's most successful clubs. It has won the Premier League four times in the six seasons it has existed and was champion seven times of the first division, the former



France's Robert Pires shooting toward Iceland's goal as the world champions were held to a 1-1 draw in Reykjavik.

Iffy Goal Lifts Czechs Over Faroes

French World Cup Champs Play Well but Are Tied by Iceland, 1-1

Compiled by One Stuff From Dispatches The Czech Republic had a player sent off but managed to beat the Faroe Islands, 1-0, on Sunday with a contro-versial late goal in their European championship qualifier on Sundayin Toftir, Faroe Islands.

It was the third straight defeat in group nine for the Faroes, and the first match for the Czechs in chilly weather

EUROPEAN SOCCER

and heavy fog ou the north Atlantic archipelago.

sidered calling off the match at halftime because of the thick mist enveloping the

In the 84th minute, Czech defender Pavel Nedved earned his second yellow card and was sent off for protesting to the

Moments later, RC Lens striker Vladimir Smicer put the guests ahead, scoring from a cross from the right. The Faroese side had intentionally

one player lying injured. They had expected to recover the ball from a 'fair-

play" throw by their opponents.

Prance 1, testand 1 in Reykjavik on Saturday, France dominated its first competitive match since defeating Brazil, 3-0, in the World Cup final, but was frustrated by a rugged Icelandic team.

Against the run of play, the home team took a shock lead in the 33d minute thanks to an error by World Cup hero

From inside the Iceland half, Runar Kristinsson pumped a harmless-looking free kick toward the edge of the France penalty area, but Barthez sprinted to a ball that he never looked like reaching and Rikhardur Dadason headed into an

In the 36th minute, Zinedine Zidane left Kristinsson dazed with a superb piece of ball control on the left edge of the penalty area and crossed to Robert Pires. Goalkeeper Birkir Kristinsson did well to push Pires's left foot shot onto a post, but the French player's Marseille teammate,

played the ball over the sideline with Christophe Dugarry, easily smashed the ball into the net from 3 meters to record his fourth goal for France.

Cypres 3, Spain 2 In Lamaca, Cypres provided the shock of the round with a victory over Spain.

The team of semipros scored in the

last minute of the first half with a longrange lob from Yiotis Engomitis and then again early in the second half through Sinica Gogic.

Raul Gonzalez scored Spain's first oal in the 72d minute when he drove into an undefended goal.

Ireland 2 Crostis 0 In Duhlin, Ireland went ahead after only four minutes when Denis Irwin was brought down by a combination of challenges by Krunoslav Jurcic and Robert Jami and he scored from the penalty spot. Roy Keane made it 2-0 in the 15th after the Croats failed to clear a Damien Duff corner.

Lithuania 0, Scotland 0 At home in Vilnius, Lithuania exerted all the pressure but failed to turn its dangerous attacking chances into three points.

Scotland's 40-year-old goalkeeper, Jim Leighton, rescued his team with a reflex-action save in the 22d minute as Edgarras Jankanskas went close to finishing off a Lithuania free kick on the edge of the goal box.

Wates 0, may 2 in Liverpool, Wales played a part in Italy's first goal in the 19th minute with an ill-directed defensive pass from defender Chris Coleman. Coleman failed to clear near the Welsh goal and lost the ball to Diego Fuser, who kicked into the empty net from an angled position.

Belarus 0, Dermark 0 in Minsk, the highly favored Danish team failed to score a goal against Belarus in front of 30,000 spectators at Dinamo Stadium. Danish striker Martin Jogensen had the best chance with a one-on-one dual

the 53d minute.
Utoraine 3, Russia 2 In Kiev, in front of 80,000 supporters. Ukraine held off a late charge by Russia to score a stunning

with goalkeeper Andrei Satsunkevich in

victory over its higgest soccer rival. Austria 1, Israel 1 In Vienna, Israel surprised Austria with a 69th minute equalizer despite playing the bulk of the second half with 10 men. (Reuters, AP)

Tennis's Potential Stars Face Hard Road to Fame

For Many Players, Hardship and Frustration By Christopher Clarey

NEW YORK - It is an alluring commotion-filled fish bowl, a Grand Slam tennis tournament, and those who can often put it in perspective best are players who have spent plenty of time on the outside pressed

against the glass.

"T've seen every level," said Geoff Grant, a 28-year-old late-hloomer with long red hair, quick feet and a quick wit, "I've been in Uzbekistan for two weeks for a tournament. That was the closest thing to a prison I've been in. We had no control over the food we are: the pieces of meat were all bone. This was good food to them because this was a poor country,

and obviously, being a spoiled Amer-ican, it was just rough."

As of Sunday morning, there were four American men left in the United States Open: two established stars, Pete Sampras and Andre Agassi; and two potential stars, Jan-Michael Gambill and Grant, who has played for few rewards in places where com-puters ranking points are nearly as rare as courtesy cars.

Grant has woken up in Haiti in the middle of the night sweating because the electricity in his hotel had conked out along with the air-conditioning. He has taken ill in Guatemala and experienced motion sickness on a bus on his way to Tegucigalpa, Honduras. He also has played matches in satellite tours, the minor leagues of tennis. in which he and his opponent have had to call their own lines because umpires were not available.

"It might help for the top guys to have an understanding of what some of the other players have had to go through," Grant said. "Satellites are the ronghest. You've got to be kind of an animal out there. You're not playing for money certainly. The only thing you're playing for is computer points. You have to win so many matches to scrape out some. You don't have that luxury these guys have where if you lose, you can go home with some money in the bank, having caten well and seen a nice city. Everything is on the line."

Grant began hitting tennis balls at age 3 against his family's refrigerator, but despite his headstart, he did not play in his first Grand Slam event until last year's Australian Open. Top prospects in the United States and elsewhere often receive start-up money from agents when they turn,

Grant and his father, David, took a more enterprising approach after he graduated from Dake University: signing up investors and giving them a stake in Grant's career. "They'd invest say, \$5,000 with a chance to get their money back plus a percentage if I made money," Grant said.

He did not make much, and in he said he was "jealous of people getting ahead of me in the business world and moving ahead with their normal lives." Grant did not stay jealous for long, and at the U.S. Open qualifying tournament in 1995, he reached the final round.

He has been at it ever since, and after qualifying for the Open last year and pushing Gustavo Kuerten, the French Open champion, to five sets in the first round, he was given a wild card into the main draw this year. He might be ranked only 133d in the world, but be is in the third round after beating Andrei Medvedev, a former member of the top five who is no longer the flavor of the month but can still generate plenty of

pace from the baseline. "In the past, I might have just been happy to be in the main draw and just 1 /2 be playing at the U.S. Open, but once you get content like that is when you really don't close out matches like you should," said Grant. "This has been a dream of mine for a long time, and I'd just like to be a good personality for tennis. Our sport needs as many good personalities as it can

Annie Miller, a player from Michigan, is preparing to drop out of tennis. At only 21 and with a world rank of 45, her third-round matchagainst Monica Seles, which she lost 2 6-3, 6-3 on Saturday, could be her last. On Tuesday, unless she loses her-nerve, she will begin at the University of Michigan, studying Spanish, sta-

tistics and geography.

Part of the reason for her decision to take a break from the tour is financial: without sponsorship contracts and with a coach and travel expenses to pay, she says that, even with a ranking of 45, it is difficult to make a fine living after paying the coach \$1,000 to \$1,500 per week and paying the coach's and your own travel expenses.

"Our prize money is probably half what the guys is, and I think any player at my level will tell you, they aren't able to live and spend right and left," Miller said. "They have to watch their money at this ranking unless they have endorsement contracts or sponsors. But the difficult thing for me is I'm not from Costa Rica or some country that doesn't have any other star players. I'm from the U.S. I'm inst average for my coun-

And with rising players like the Williams sisters and Anna-Kournikova earning big money to represent sporting-goods companies, there is much less for those lower in the pecking order. "I definitely. wouldn't say they don't deserve sthat," Miller said. "Because they are. also bringing more prize money and. visibility to our tour.

But Miller's decision to take a sabhatical is not just about finances; it is also about the search for a more nurturing, normal environment.

"The greatest thing in the world is that Carlos Moya and Alex Corretjawent out to dinner before the French. Open final," she said. "The guyse and maybe guys in general, really seem tohe able to separate the on-court and off-court stuff.

"A lot of the girls are friends with each other and have friends but the way I feel, and maybe I just take everything too personally, is that. there is somehow not enough total separation.

And so Miller, tired of being negative and tired of questioning her pri-1994, he quit for 10 months because orities on a daily basis, will separate tennis from her life altogether for a., time. She will no longer he Annie Miller, tennis player. She will be Annie Miller, undergraduate.

"I was always raised - and education was an important thing in my family — that I wasn't for sure going, to turn pro like girls like Venus and Anna," she said. "They were groomed from childhood to know that. this is what they want to do. This is their ticket to a wonderful life, and . they've really done that. But I was lucky or not to come from a family where tennis wasn't going to be my only way."

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British Fans Riot Again

STOCKHOLM — Swedish police arrested about 15 English soccer fans on Saturday night for drunkenness and various other offenses including rioting and assault after the English national team's 2-1 loss to Sweden.

Most arrests were made in the Stockholm city center as fans drowned their disappointment in alcohol, but police with dogs and on horseback were also called into action when trouble flared at the stadium after the match. The match, a European championship qualifier, came

three months after British soccer fans created trouble during the World Cup in France, rioting for three days in Marseille and causing various other isolated incidents. A police spokesman, Ulf Goranson, said the police had tried to keep the two sets of fans apart, allowing the Swedish supporters to leave central Stockholm's Rasunda Stadium first.

A gang of 50 to 100 British supporters smashed windows in corridors high above the ground, sending glass showering down onto departing spectators. They also buried chairs and tables through the smashed win-

Witnesses at the stadium also reported English fans urinating on Swedish supporters below them.

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In Collapsing Moscow, Athletes Strike It Rich

Remers MOSCOW — As the ruble real two hours of athletics in Moscow at the weekend.

Jones flew to Johannesthis week's World Cup after final while the ruble continued to tumble in value. She left a country in eco-

nomic and political chaos and a city from which only 10,000 the long jump and was in a spectators turned up to watch class of her own in the 100. the world's top track and field athletes perform in the 83,000seat Olympic stadium. Local reporters said school

attempt to fill the stadium, and long jump.

and long jump.

"I'm excited about going." tickets at subway stations. check of the million-dollar meetings and Saturday's fi-

Jones was pointedly asked this season as well as break-at a news conference after the ing the world record, is an meeting what she planned to equally worthy champion. do with the money.

and let interest draw on it," she replied. Jones's riposte showed

peration at a somewhat ramhling question and in all other'. plummeted, Marion Jones's respects the young American proved an admirable ambassador for her sport. Unlike a small group of

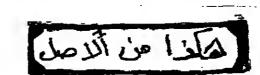
American male sprinters who: burg on Sunday to prepare for decided not to travel to Moscow because of exaggerated earning well over half a mil- fears over security. Jones lion dollars at the grand prix made the trip and gave full value to those fans who could afford the entrance price. She defeated the European champion, Heike Drechsler, in

meters, winning by nearly three-hundredths of a second. Now she goes to Africa the first time in her life to children, who had been given compete at altitude, also for free entry for the event in an the first time, in the 100, 200

to Africa," she said. "I'm Some of the spectators looking forward to warm booed when Jones, Hicham weather, to competing at alti-El Guerroni and Haile Gebr- tude for the first time and selassie held up a giant replica meeting Nelson Mandela."

check of the million-dollar Jones, unbeaten in any jackpot the trio shared for event this year, would be: winning each of their events most people's choice as track: at the six Golden League and field athlete of the year. El Guerrouj, who won each of his 12 1,500-meter races

The Moroccan will not be. "Put the money in the bank running at the World Cup and d let interest draw on it," he said Saturday he did not?" plan to defend his title at next. year's world championshipssome understandable exas- in Seville.



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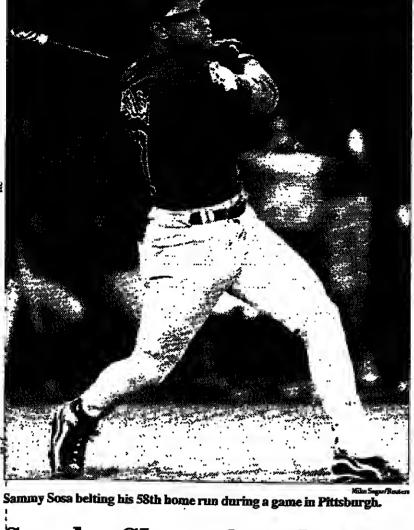
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ninth time in 11 games this year. Mariners 6, Orioles 5 Ken Griffey Jr. hit

In the National League:

Mets 5, Braves 4 In New York, Tony

The Associated Press

half before showing Michigan and its critics that 1997 and its long off-season

are history.

Notre Dame scored on its first five

possessions of the second half, over-

coming a sluggish first half to beat de-

The season-opening victory was a

shocking turnaround from a 1997 sea-

son in which Michigan won its first

national title in 49 years and Notre

Dame lost six games for the first time

Jarious Jackson threw two touch-

down passes in his first start, and Autry

Denson carried 24 times for a career-

best 162 yards and two TDs as the 22nd-

ranked Irish snapped No. 5 Michigan's

12-game winning streak.

"We can compete against anyone in the country," said Jackson, who passed

for 96 yards and ran for another 62 in

Notre Dame's new option attack. "You

never know who's going to be the na-

Tom Brady, in his first start for

Michigan, was 23 of 36 for 267 yards.

The rest of the Wolverines looked any-

tional champion this year."

36-20, on Saturday.

since 1986.

Notre Dame took a little more than a

game winning streak of the season.

Cardinal 2 Shy

Of Record With

21 Games to Go

By Richard Justice
Washington Post Service

ST. LOUIS - Continuing a fast and

fierce assault on a record once believed to be untouchable, the St. Louis Car-dinals shugger Mark McGwire used his

first swing of the game to deliver his 60th home run and match baseball's

greatest slugger, Babe Roth.
Only Roger Maris has had more

home runs in a single season — 61 — than Ruth hit for the New York Yan-

Ruth hit his 60th on the final day of

the 154-game season. In 1961, Maris hit

his 60th on Sept. 26, the 159th game of

Now, with 21 games remaining, Mc-Gwire has reached the magical number

of 60 — the goal of every power hitter for the last 71 years — quicker than either of them. He seems overwhelmed

by comparisons to Ruth.

"Babe Rnth — what can you say?"

McGwire said. "Geez, I mean it almost makes you speechless when people put your name alongside his name. I wish I

can go back in time and meet him. I mean,

obviously, he was the most important

kees' Murderers' Row of 1927.

Astros 6, Diamondbacks 5 Jeff Bag-well reached 30 homers for the fourth time and Ricky Gutierrez drove in the

Medina (1-3), and brother Vladimir added an RB1 triple. Browers 3, Phillies 2 In Milwaukee,

Jose Valentin singled home the winning run as the Brewers rallied for two runs in

COLLEGE FOOTBALL

and Michael Wiley ran for 140 yards

Germaine completed 18 of 32 passes

without an interception and Wiley np-

staged Amos Zereoue with 140 yards on

17 carries. Zereone, 10th in the Heisman

Trophy balloting last season, gained 77

No. 3 Florida 49, Citadel 10 In Gaines-

ville, Florida, Jesse Palmer threw for

301 yards and four touchdowns and

Terry Jackson ran for 127 yards and two

ham 7 In Lincoln, Nebraska, Eric

Crouch, making his first college start, ran for two touchdowns and passed for

another to lead Nebraska. Playing for

the injured Bobby Newcombe, Crouch

Sweeney McDowell, P.Hants (7). DoLucie (9) and Walbeck. W.-McDowell, 4-3. L.-Barber, 2-2. Sw.-DeLucia (3).

MATTONAL LEAGUE

808 800 800-0 2 0

vards on 20 attempts.

scores to lead Florida.

No. 4 Nobraska 38, Ala

and another score for the Buckeyes.



Chasing the Record Home run tally for two contenders to break the season record of 61 homers set in 1961 by Roger Maris (left).

McGwire Ties Ruth at 60, and Sosa Hits 58th

MARK McGWIRE SAMMY SOSA 60 1-for-4 with one homer vs. Reds on

58 2-for-5 with vs. Pirates on

Maris through 142 games left: 55

sports figure in the world of that time. Hopefully, someday when I pass away, I get to meet him and then I can really, truly find out what he was really like.'

In the 129-year history of major league baseball, no one else had seriously challenged the Ruth-Maris re-cords until McGwire hit 58 last season. Now, be seems destined to pass Roth and

Maris and set a new slugging standard.
With McGwire near his 61st home
run, Maris's wife and children decided to be in Busch Stadium for Sunday afternoon's game against the Cincinnati Reds. The Fox network announced Saturday that although Sunday was open-ing day for the National Football League, it would televise the game to 80 percent of its viewership. The other 20 percent would have to watch an NFL game and wait for updates.

McGwire's 60th home run kept him two ahead of the Chicago Cubs outfielder Sammy Sosa, who hit his 58th homer in Pittsburgh on Saturday night.

Their unprecedented home run chase has brought fans back to major league ballparks in record numbers. On Monday afternoon, the two get the best views in the park of each other as the Cubs and Cardinals begin a two-game series in St.

"I want to enjoy it," McGwire said of the chase, "I don't know if I'll ever be in this position again."

The game balls the Cardinals now are using carry an infrared code so that if when - McGwire launches one into the stands, Major League Baseball officials can verify it as the ball actually hit. Fans who caught the last few McGwire home run balls have returned them to the slugger, but officials want to guard against fans bringing balls into the stadium and

then claiming their ball was the historic 60th, 61st or — especially — 62d. In a strange coincidence, the baseball that McGwire hit out of the park Sanrday carried the infrared code "3" — Ruth's number during a career in which be hit 714 home runs and changed the way

to be dying in the early part of the 1920s in the wake of the Black Sox scandal for throwing the 1919 World Series. No sooner had a crowd of 47,994 settled into their seals Saturday than Mc-Gwire took a pair of high fastballs from

people thought about a game that seemed

the Cincinnati Reds right-hander Dennis Reyes in the bottom of the first inning. But when Reyes threw a third fastball a few inches above the knee, McGwire swung viciously and hammered a towering fly ball into the left field seats.

McGwire has hit 13 home runs in his last 18 games. Saturday afternoon, he struck out in his final three at-bats as he tried to hit No. 61. While almost no one noticed, the Reds and Cardinals did play game, and the Cardinals won, 7-0.

Fans had given McGwire a long, warm standing ovation as he came to bat in the first inning, and perhaps hoping to get a better view at every historic swing, they remained on their feet throughout the at-bat. After he crossed home plate and playfully traded punches with a teammate, Brian Jordan, he returned to the dugout, only to be summoned back oo the field to acknowledge a roaring,

happy audience.
"If I'd had the power, I'd have stopped the game," said Tony La Russa, the Cardinals manager. "I didn't want to wait a couple of hours to enjoy it. I've never ever felt that way before. I never wanted to stop a game. I just kept

The Stage Is Set For Showdown In St. Louis

ST. LOUIS - The schedule says Cubs at Cardinals, but baseball fans everywhere know better. Make it Mark McGwire vs. Sammy Sosa, starting Monday afternoon.

"It's going to be unbelievable, you know," said the Cubs' Sosa, who hit his 58th home run of the season on Saturday

against the Pirates in Pittsburgh.
"There's going to be a lot of people cheering for Mark McGwire and me.
And, hey, we'll see how it goes."
Unless McGwire hit a homer late

Sunday against the Reds to tie Roger Maris's legendary record of 61, the two-game Cuhs-Cardinals series would start Monday with McGwire at 60 and Sosa at 58. Home run derby, for real. History

them take aim at the Maris record.

Busch Stadium is sold out for the two games, though never have these old rivals created such a stir. In fact, it is hard to remember the last time any

on deck, the whole country watching

series attracted this kind of attention. "It is so good what is going on right now for the game of baseball," Mc-Gwire said. "And if you want to say it

has brought America together, it has." Chicago is in the wild-card chase and St. Louis is out of contention. Yet the only standings most people care about are posted on the scoreboard in center field, just below the out-of-town NL games: That's where the current homer count for McGwire and Sosa is displayed.

'It's the most exchement we've had in baseball in a long time," the former Cardinals star Ozzie Smith said Sunday.

The two guys going against each other and the entire country is interested," he added. "I'm a strong believer in manifest destiny, that some things are meant to be. Evidently, this was meant to be.

Judging by what happened the pre-vious time McGwire and Sosa met, their totals might be changing soon. On Aug. 19 at Wrigley Field, Mc-

Gwire hit two home runs and Sosa hit one. Earlier in that month, they both connected in a game at St. Louis. "I think we're motivation for each

other a little hit," Sosa said. "I try to go up there and do my job and I came through, and I know he does, too. It's nnbelievable." In all, McGwire and Sosa have

homered in the same game 20 times this season. And when they're apart, they try to catch each other on TV. 'I am a fan of the game as well as a.

player, and I absolutely enjoy watching him play," McGwire said. "He is hav-ing an absolutely magical year and, you know, I root him on just like anybody McGwire and Sosa got to talk for a

few moments before they played last month at Chicago. Following that friendly get-together, McGwire went on a tear and hit 13 home runs in 18 days.

"We don't, as players, have much time to spend with each other when teams come in or we are going there."
McGwire said. "Basically, the only time I get to visit with him is when he is at first base."

And neither McGwire nor Sosa plans on stopping there starting Monday.

On Saturday, Sosa hit his 58th home run in the sixth inning off a rookie pitcher, Sean Lawrence, who entered the game with only eight innings of hig league experience. The Cuhs won. 8-4. Sosa hit his 57th on Friday night, also against the Pirates.

Now Sosa holds the record for the most home runs in a season by a Latin player in the major leagues.

year-old's hig league debut. pitcher to win 12 games since 1985. Dodgers 6, Giants 3 In Los Angeles, John Smoltz pitched a three-hitter for Indians 5, Tigers 4 In Detroit, Omar

his second shntout of the season and Marty Malloy homered in his major league debut, leading the Atlanta Braves over the New York Mets 4-0 on

Andruw Jones, Ryan Klesko, Andres Galarraga and Malloy hit solo homers

BASESALL ROUNDUP for the Braves, who stopped a three-

Smoltz (14-3) struck out a seasonhigh 12 and walked none, getting his aird complete game of the season. He allowed three two-out singles and didn't

let a runner past first. There were 20 strikeouts in the game, 13 on called third strikes by plate nmpire Larry Vanover.

Tigors 3, Indiana 2 Damion Easley drove in the go-shead run as Detroit overcame a career-high 10 strikeouts from Jamie Wright to beat Cleveland and avoid a four-game sweep.

Marijas 6, Expos 2 Kirt Ojala won for the first time in 10 stats this season, and Florida stopped a 10-game home losing streak by beating Montreal Expos. In games played Saturday:

Angels 2, Royals 1 Jack McDowell scattered six hits in 6% innings as Ana-heim beat Kansas City, 2-1, at home to open a 2½-game lead in the American League West.

Blue Jays 4, Red Sex 3 in Toronto, Roger Clemens (18-6) allowed three hits in eight innings to stay unbeaten since May 29 and lead the Blue Jays to their ninth straight victory.

Athletics 3, Devil Rays 0 in Oakland, California, Kenny Rogers (13-7) scattered nine hits for his fifth career shutout. He pitched six strikeouts, including four to Fred McGriff.

Twins 7, Rangers 4 Terry Steinbach hit a go-ahead, two-run donble in the eighth off John Wetteland as visiting Minnesota overcame Juan Gonzalez's 40th homer.

White Sex 9, Yankees 5 In Chicago. Jim Abbott got a victory in his return to the major leagues, and Craig Wilson homered and doubled twice in the 28-

Vizquel homered for the first time since Sept. 15 as Cleveland beat Detroit for the

his AL-leading 48th homer, a go-ahead, three-run shot in the eighth that led Seattle over visiting Baltimore.

Phillips made up for a sixth inning in which he allowed a donble and then hit a bases-loaded flyout by hitting a two-run homer in the eighth off Rudy Seanez (4-1) that overcame a 4-3 deficit.

Padres 4, Rockies 2 In Denver, Kevin Brown (18-5) became the first San Diego

Chan Ho Park (12-7) pitched a fourhitter to win for the second time in seven starts, giving Los Angeles its first four-

go-ahead run in the 12th inning.

Expos 7, Markes 1 In Miami, Wilton Guerrero hit a two-run triple off Rafael

Renewed Notre Dame Rolls Over Michigan, 36-20 thing like champions, missing four of TD. He also ran seven times for 69 yards for Nebraska (2-0).

six field goal attempts and losing two No. 6 Kansas State 56, Indiana State 0 In Manhattan, Kansas, Michael Bishop No. 1 Ohio State 34, No. 11 West Virran for two touchdowns and threw for a third and me kicking teams scored twice title with an impressive victory in Morgantown, West Virginia. Joe Germaine as Kansas State came within one point of passed for 301 yards and two touchdowns the school record. The final score was of Akron in 1995.

No. 10 Tennessee 34, No. 17 Syracuse 33 In Syracuse, New York, Jeff Hall kicked a 27-yard field goal as time expired to give Tennessee a stunning victory in the first game of the post-Peyton Manning era.

Miami of Ohio 13, No. 12 North Carofina 10 In Chapel Hill, North Carolina, John Scott kicked a 37-yard field goal with one second left and Travis Prentice ran for 162 yards as Miami of Ohio ruined Carl Torbush's regular-season coaching debut.

No. 13 Penn State 34, No. 21 Southern ississippi 6 At State College, Pennsylvania, Cordell Mitchell ran for a career-high 99 yards in his first start and Penn State's defense held Southern Mississippi to 9 yards rushing.

Colorado 42, No. 15 Colorado State 14 In Denver, Mike Moschetti threw three completed 11 of 17 for 127 yards and the

Pct .604 .554

JAPANESE LEAGUES

CONTRAL LEAGUE

returned a punt 82 yards for another score at Mile High Stadium. No. 18 Washington 42, No. 8 Arizo

touchdown passes and Cedric Cormier

State 38 In Tempe, Arizona, Washington's Brock Huard connected with Reggie Davis on a 67-yard tonchdown play on fourth-and-17 with 28 seconds to No. 19 Georgia 56, Kont 3 In Athens, Georgia, Quincy Carter, the first fresh-

for Georgia, threw for 235 yards and three touchdowns. Olandis Gary and Robert Arnaud each added two rushing TDs for the Bulldogs, who piled np 566 yards. No. 20 Wisconsin 26, San Diego State 14 In San Diego, Mike Samuel scored the

man quarterback to start a season opener

go-ahead touchdown on a 47-yard quarterback draw early in the fourth quarter and Wisconsin, playing without tailback Ron Dayne, rallied to win its opener.

Oregon 48, No. 23 Michigan State 14 In Eugene, Oregon, Akili Smith threw four touchdown passes and Reuben Droughns rushed for 202 yards and scored three TDs as Oregon won its opener. Smith completed 15 of 25 passes for 266 yards against Michigan

SOCCER

EUROPEAN CHAMPIONSHIP

GROUP 2

Force Islands O. Czech Republic 1

TIGER CUP

THIRD PLACE

SATURDAY IN HO CHI MENH CITY, VIETNAM

EMPHOLY INTERACTIONAL

AFRICAN CHAMPIONS' LEAGUE

DUTCE FIRST DIVISION

rosia won 5-4 on penalties

SCOREBOARD MA

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Hatteborg, Vertick (7); Hentigen, Sinciair (7),
Saleb (7) and Fletcher, B. Samflogo (9),
W-Nordygen, 12-10, L.—Wadorfeld, 15-7.
Sy-Sileb (2), HR2—Boston, Stankey (28),
Toronto, S. Green (30), Canseco (30), 3-2. Sv—Beck (43). HR—Cricogo: Sons (57).
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Milling Gomes (9), Y-Perez (9), Britolico (9) and Estalchar Woodord. De los sonites (5), Petrick (8) and Nilsson. W.—Schröling, 1412. L.—Woodord. 9-10. HRs—Philosolophia. Rolen (27), Milling Levella (5).
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Hornisch. Sutiliven (7). G. White (9) and Hornero. V.—Hornisch. Sutiliven (7). Everaged (7), Petroveck (8) and Marrero. V.—Hornisch. 11-6. L.—Frescolore, 2-L. Sv—G. White (5), HR.—Cincinnati. Dyoung (13). 51-G, White (5). HR—Decument (13). 220 861 000-5 9 2 Sm Diego 160 314 28-11 14 1 Calorado Hitchotek, S. Senders (5). R. Kyers (7). Hitchotek, S. Senders (5). R. Kyers (7).

Estes, Brock (6), Tovarez (7) and Mayors Dreffort Moloney (30), Shaw (9) and C. Johnson, W.—Dreffort, 8-12, L.—Estes, 7-9, Sv.—Show (40), HRs.—San Francisco, Barits AMERICAN LEAGUE

Buston 000 820 601—3 4 8

Tereste 291 600 611—4 16 2

Soberhagen, Lowe (7), Swindell (7),
Wassila (8) and Hatteberg: Cataners, Picace (9), Quantum (9) and Fisicher, B. Samtiago (9), W.—Clamers, 18-6. L.—Soberhages, 12-7, Sw.—Quantum (7), HRs—Boston, O'Loury (23), Toronio, S. Green (31), Canseco (29), C. Delagolo (28). 7. Sv—Quantité (7). HRs—Beston, C-Leary (23). Toronto, S. Green (31). Conseco (39). C. Delgodo (28).

Britimere 806 228 198—5 8 0 Sestite 919 610 642—6 83 0 Sestite 919 610 642—6 83 1 Ericison, Key (6), MRs. (7). Crosco (8), A. Berninz (8) and Websten Cloude, Slocumb (6), McConthy (8). Timilin (9) and J.Oliver, W.—McConthy. 1-2. L.—A. Benitez, 5-d. Sv—Timilin (13). HRs—Battimore, Baines (8), Sestitis, Grilley Jr. (48).

New York 208 100 119—5 18 0 Chicago 142 691 16s—9 12 9 Perittis, Brusker (3), Hothres (4), Tesamer (7) and Givertis Abbott, Bractiond (7). Howry (9) and Machado. W.—Abbott, 1-0. L.—Perittis 15-9, HRs—New York. C. Dovis (2). Chicago, C. Wilson (1). Belle (44), M. Ordonez (13), Norton (9).

Creveland 610 189 300—5 9 0 Petroli 900 000 229—4 8 0 Borbo, Shoey (8), Assermacher (8). M. Jockson (7) and E. Diaz B. Powell, Soger (6). Rusysa (7), Berlocal (3) and Baio. W.—Burbo, 13-9. L.—Perittis Fracumacher (4), Baio (3). Assermacher (6). M. Jeckson (7), Berlocal (3) and Baio. W.—Burbo, 13-9. L.—Perittis Fracumacher (4), Baio (3). Assermacher (6). M. Jeckson (7), Berlocal (3) and Stokhoch: Shottlemyre, X. Hermandez (9), Wetteland (8). D. Patiterson (9), Fastang (9), Levine (9) and L. Codriguez, W.—Trembley, 5-4, L.—X. Hermandez (40).

Tauspe Bay 068 060 068—8 9 8 Octobard (40).

Cipcinnali 988 900 800—9 2 0 St. Leats 489 900 30c.—7 9 1 D.Reyes, Remlinger (5), Hudek (7), Groves (8) and Fordyes Caborne and Lampkin. W—Osborne, 4-3. L—D. Reyes, 3-5. HR—St. Losis, McGwire (60).
Allande 000 813 989—4 6 New York 988 229 122—5 18 8 Millwood, Perez (6), De.Mortinez (7), Rocker (7), Seanez (8) and J.Lopez B.J.Jones, Baitron (7), Wendell (8). J. Franco (7) and Pinzzo. W—Wendell, 5-1. L.—Soonez, 4-1, Sw.-J., Franco (22). HRS—Admink, A. Jones (25). New York, Phillips (2), Olerud (19).
San Diago 000 884 008—4 10 1 (197). San Diego 000 004 4 10 1 Calerade 000 200 000—2 6 1 R.Brown, Ro.Livers (8). Micell (8). Hoffman (9) and C. Hernandez KBa. Leskanic (8). Dipato (9) and J. Reed. Stribtnatter (9). W.—K. Brown 18-5. L.—KBa. 10-16. S.—Hoffman (46). HR.—San Diego, S.Finley (13). ciscos 008 000 111-3 4 6 jes 213 000 80x-6 11 1 San Princiscos 008 000 111—2 4 6
Los Angeles 213 000 90x—6 11 1
Hershier, Johnstone (3), Dorwin (6),
Mesa (3) and B. Johnson: Park and C.
Johnson, W.—Park, 12-8 L.—Hershier, 9-10.
HR3s—Son Francisco, J. Kent (27), Rios (2).
Los Angeles, Ec./Sung (7).
Heusten 929 110 196 001—6 10 9
Artzone 207 100 000 006—5 13 1
11 innings

Reynolds, Elloring (4), Milkowski (6),
Ja.Powell (7), D. Heavy (9), B. Wagner (11)
and Eusebia, Austraus (7), Sodowsky, Small
(6), W.Barnis (9), Otson (10), Embrec (11), F.
Rodriguez (12) and Miller, W.—B. Wagner, 43, L.—Ensbree, 4-1, HR.—Houston, Bagwell
(20). Services Converses, J. Marrinoz (d.), (control (d.), Ven Poppel (B), Rincon (9) and Kenskell, W.—Toponi, 17-7, L.—Lawrence, 1-1. Sv—Beck (44), HRs—Chicago, Soca (58). Pitisburgh, T. Ward (7). Majorires! 060 622 120—7 5 8 Flacidat 000 061 000—1 5 0 Flacidis 000 001 000—1 5 0
Thurmon, T. Yeeng (A), Telford (A), Kline
(7), M. Maddav (Y) and Widger Medina.
Ludafic, (7), Alfonsec (B), Mandel (Y) and
Knoro Zhun (B), W—Thurmon 3-3. telebia 000 000 100 000 01—2 4 0 Milwowiese 400 007 000 000 02—2 12 9 14 immings Loewer, V. Perez (7), M. Leiter (8), Gomes

SEIC LEAGUE Histoshima 2. Hanshin 0 Nippon Hom 7, Oriz S Seibu 4, Oniel 0 Kintelsu 2, Lotte 2, ile, 12 innings FOOTBALL CFL STANDINGS

WESTERN DIVISION

6 3 0 12 307 208

6 2 0 12 194 203 Montreal 24. British Columbia 15 MAJOR COLLEGE SCORES Ohio State 34, West Virginia 17

rsonan 49, The Citodal 10 Nebraska 38, Alabanto-Birmingh Notre Dame 36, Michigan 20 Kansas State 66, Indiana State 9 Washington 42, Arizona State 38 Tennessee 34, Syracase 33 Tennessee 34, Syracuse 33 Micani. Ohio 13. North Carolina 10 Georgio 56, Kerri 3 Wisconsin 26, San Diego State 14

(101 mil.) 1st stage in and around Cordoba.

1. M. Zberg, Switz, Post Swiss, 4 h., 11 m., 8 s.

2. Givifano Figuerus, II., Mapel, same time.

3. Laurent Jobbert, Fr., ONCE, s.f.

4. Andrel Tchmil. Belgium, Lotto, s.t.

5. Martin Ritisel, Sweden, Carrilino-Tolto, s.t. Georgia I. Albanto O Finland 3. Moldova 2 5. Morfin Ritisel. Sweden, Cardino-Tolla, st.
6. Elia Agglana, triby, Vitalicia Segurus, st.
7. Peter Van Petegern, Belgium, TVA, st.
8. Angel Edg. Spots, KELAE, st.
9. Nico Mortino, Belgium, Magel, st.
10.Fabritala Guidi, Italy, Poliff, st. 10.Potroido Guidi. Nelvy, Poliis s.t.
Leading plateings sunday 224.6 killimeters
second stags from Cordobe to Cadiz.
1. Jeroen Billievens, Neitherlands, TVM, 6
hours 30 minutes, 24 seconds
2. Giovanni Lembardi, H. Telaktom, same t.
3. Robbie McEwen, Aus., Robobank, s.t.
4. Jan Storado, Czech Republic, Mapei, s.t.
5. Henk Vogels, Alis, Credif Agricole, s.t.
6. Ello Agglano, Holy, Villafich Segurus, s.t.
7. Suen Tenterberg, Ger., U.S. Postol, s.t.
9. Fobrizio Guidi, Italy, Poliis s.t.
9. Andrei Tchmil, Belgium, Lofis, s.t.
10. Marcel Wust, Gerntony, Lofus, s.t.
covernal, 11. Montas Zberg 10 h., 41 m., 20
s.; 2. Lourent Johbert, Fr., ONCE of 1 sec.; 3.
Figuerus, 4 sec.; 4. Guidi S; 5. Unal Etzebarria,
Venez, Euskalfiel 9: 6. Francisco Cerezo, Sp., Sweden 2. England 1 Austria L Israel 1 Słovakia 3, Azerbaljan 2 Ireland 2. Creatia 6

CYCLING

TOUR OF SPAIN

Leading placings Saturday in 161.7 kms

Bosnio-Herzegovina 1, Estania 1 Lithuania 0, Scotland 0 ez., Euskaffel 9: 6. Francisco Cerezo, Sp. is, 17; 8. Aggiana, 12; 9. Tchanil s.l.; 10. Angel Edo, 5p., Keime, s.l. Singapore 1, Vietnam 0 GOLF

EUROPEAN MASTERS European Masters played on 6,864 yard, par 71 course in Crane-Sur-Sierre, Switzerland be-wins at first extra hole): x-Sven Struver, Ger, Patrik Sjoland, Swe. Darren Clarke, N. Irl. 69-43-45-44-263 Alex Celku, Germany, Gordon Brand Jr. Scot. Miguel A.Jimenez. Sp. Jean Van De Velde Fr.

PROMISE CUP Repubs Sunday in 100 mRion yen (\$746,000) Jepan PGA Matchplay Championship Promise Cup on 6,641-yerd (6,316-meter), par-72 Nidomu Classic Course in Tornstomai, Jepan: rnakomai, Jepan: FRIAL (26 HOLES) Kaisunori Kuwabara, Jpan, det, Shinichi Yokoto, Japan, 1-up. THIRD PLACE (16 HOLER)

Nilmegen 4 Vitesse Arnhem 4: Twente En-schede 3: Willem II Tilburg 3: PSV Eindhoven 1: RKC Woolwijk 1: NAC Breda 1: Combuut Lectworden 1; Fortung Sitions Q: MVV Monstricht Q: Rodo JC Kerkrade Q: Sporta

Los Angeles 5, Miomi 3 Kumos City 5, San Jose 1 Numps Cay S, San José 1 STANDAINEAN ENDERPROCESSING MARCH 54 paints: x-Columbus 39; x-NY-RJ 38; Misori 29; Tempa Bay 25; New England 23, Western Conference: x-Las Angoles 64 points: x-Chicago 47; Colorado 35; Kansas City 32; Dolles 21, Sen Jose 24.

TRANSITIONS

BOSTON-RECORDED LIFE RON Malney Irom Powincket, IL.
CHICAGO-Agreed to terms with RHP Gory Majewski.
N.Y.YARKEES-Activated RHP Jeff Netson and RHP Durren Holmes from 15-day disabled list.
TEXAS-Recorded OF Warren Newson from Dilatonna. PCL. Signed OF Milit Cuyler and assigned him to Oklahoma.
NATIONAL LEAGUE
CHICAGO-Signed OF Orlando Merced. Recalled IDF Matt Mieste from Iowa. PCL.
LOS SNGLES-Recalled C Angel Pena from Son Antionio. TL.
N.Y. METS-Recorded INF Mike Kinkade from Nortolic, IL.
ST. LOBIS-Activated RHP Mike Busby from 15-day disabled Sci.
SAN DISGO-Recalled RHP Matt Corporat and OF James Mouton from Los Vegas, PCL.
POSTBALL

FOOTBALL NATIONAL FOOTBALL LEAGUE ARIZONA-Signed DE Andre Wodswo 6-year contract.
GREEN BAY PACKERS—Religied DB Chris grkies. MINNESOTA—Agreed to terms with Dennis Green, cooch, on 3-year contract extension. N.Y. GHANTS—Signed DT Scott Gragg to

multiyear Controct.

NEWORLEARS—Waived DE Josh Toves. Activated DT Joe Johnson from the exempt list. NATIONAL HOCKEY LEAGUE COLORADO—Signed II Eric Messier and F Chris IIrury to 2-year contracts. Chris Drury to 2-year contracts.

DALLAS—Signed Ken Hitchcock. coach, to 3-year contract extension through 2001-2002

Eogle Cement, Nigeria, 2. Etolie du Sohol 80MONTON—Signed II Frank Musli to 2-year contract and II Sergel Yerkovich to 1nning Rangers, S. Afr., 1. Roja Casab FLORIDA-Signed D Robert Svehlo to 4-Granischup Derlinchem 2 RKC Washrijk 2 STANDINGS: Ulmchil 6 points: Alox Am-sterdam 6; Feyencord 6; Hessenveen 6; AZ Allamon 4; Granischup Doetinchem 4; NEC LOS ANGELES—Signed II Jaroslav Modry to

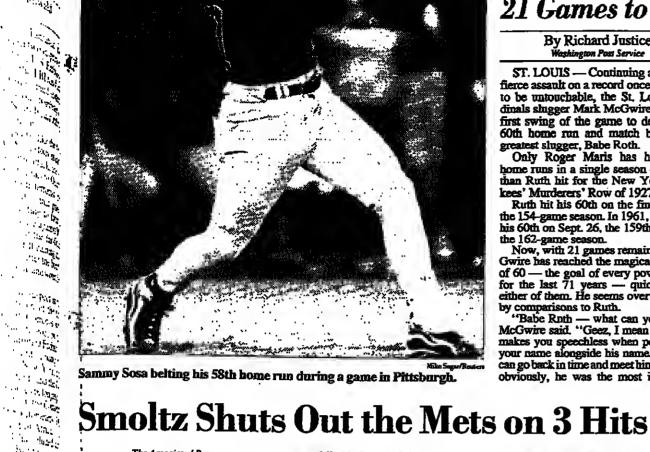
Los Ambettes—Signed II Jaroskiv Modify to I-year Confloct.

MASHVILLE—Agreed to terms with LW Andrew Brunette, RW Vital Yachmenev and C Sebastion Bardeleau.

M.Y. RAMGERS—Agreed terms with II Zarloy Zalapski and II Maxim Galanov.

GTTAWA—Signed G Frederic Cossivi to 1-year Confloct.

year contract.
PHOENIX—Signed LW Joe Datedzic and D PHOENIX-Sephed LW Joe Unlease and II Brod Tiley to 1-year contracts. Re-signed D Michel Pelit to 1-year contract. Signed LW Greg Adams to 1-year contract with option. 5T. LOUIS-Named Alike Kitchen assistant coach. Extended contract of Jim Roberts, as-sistant coach. Agreed to terms with D Kevin Dohl. II Liber Zabransky, LW Kevin Sawyer and G Rich Panert.



WORLD ROUNDUP Hingis and Seles Outlast the Wind and Determined Foes

meters.

SPORTS

German Is Victor In Masters Playoff

GOLF Sven Struver of Germany won the first hole of a playoff over Sweden's Patrik Sjoland on Sunday to win the European Masters golf tournament in Crans-sur-Sierre, Switzerland.

Struver, who began the day four shots back of the Swede, nailed down the victory when he birdied the first extra hole, draining a pressure-packed four-foot putt on the tricky par-4 18th.

Minutes earlier, Struver bad sunk an almost identical putt on the

same hole to set up the playoff.
The 31-year-old German carded
a final round 5-under 66, while Sjoland, the leader after three rounds, struggled to a 1-under 70.

TVM Cyclist Wins Stage

CYCLING Jeroen Blijlevens of the Netherlands and the TVM team won the second leg of the Tour of Spain

on Sunday, a grueling 234-kilometer trek from Cordoba to Cadiz. Markus Zberg of the Post Swiss team and Switzerland, who won the first leg oo Saturday, maintained his overall lead, followed by Laurent Jalabert of France and ONCE-Deutsche Bank and Giuli-

ano Figueras of Italy and Mapei. Blijlevens covered Sunday's leg in 6 hours, 30 minutes and 24 seconds. It was the longest of the 22 stages that make op the tour. After a sprint finish, second place went to Giovanni Lombardi of Telekom, and third to Aostralia's Robbie McEwen of Rabobank.

Tottenham Fires Coach

SOCCER The fired manager of the Tottenham soccer eluh in London, Christian Gross, said Sunday he had been forced to leave the Premier League team prematurely

after only 10 months in charge. Gross, whose sudden departure was announced in a Tottenham statement on Saturday, called a press conference Sunday, where he said he should not have been judged

after three games this season. "I didn't go, I had to go," Gross said. "I am disappointed, but for me the months I have spent in England have been a success. I came in at a difficult time when the situation was really serious, and the fact we avoided

relegation was a big success." Tottenham struggled to avoid relegation last season and then conceeded six goals in losing its first two games this seasoo before a 1-0

last week. For the Record

BOXING Richie Woodhall retained the World Boxing Council super-middleweight title when he oarrowly outpointed his fellow Briton Glenn Catley on Saturday in Telford, England. (Reuters)



Monica Seles returning Kimberly Po's volley Sunday at the U.S. Open.

Yonex immediately." On Saturday, Andre Agassi breezed to victory over Davide Sanguineth, for lowing a 13-minute, 5-0, triumph by fifth-seeded Venus Williams over an injured Larisa Neiland of Latvia. "Both matches combined in hour and the Kafelnikov and Henman Advance to 4th Round

NEW YORK - Martina Hingis and Monica Seles survived the swirling winds and determined opponents Sunday to reach the women's singles quarterfinals at the U.S. Open.

Seles, the No. 6 seed, outlasted fellow American Kimberly Po. 6-2, 4-6, 6-3, in a fourth-round match at the National Tennis Center. It was the Day 7 opener

in Arthur Ashe Stadium. A petulant Hingis, bonneing her racket on the court several times in anger, followed with a 6-4, 6-4 victory over

Nathalie Dechy of France, 6-4, 6-4. "There's no other Grand Slam with so much wind," Seles said. "It's not fair to the players. I've played in wind, but this is wind. It moves the ball two

"It made me tentative. Every ball you're hitting has to be 100 percent, and I wasn't today, for sure.' Yevgeni Kafelnikov, the No. 11 seed from Russia, and No. 13 Tim Henman

of Britain advanced to the men's fourth Kafelnikov defeated Germany's Nic-

olas Kiefer, 6-4, 6-0, 6-2, and Henman downed qualifier Michael Kohlmann of Germany, 6-3, 7-5, 1-6, 6-4. Coming off her fourth consecutive Canadian Open title, Seles came into the year's final Grand Slam tournament as

one of the favorites. Po, however, had She kept the pressure on Seles for the entire match, reaching hreak point time and time again during the three sets. But

she wasn't able to coovert as Seles ran oot to a.6-2, 4-1 lead. Then Po's shots, which had been sprayed all over the court, started find-ing the corners and the angles. She

ripped off the oext six games to level the match and take a 1-0 lead in the third

Seles finally broke Po in the fifth game when she whipped a sharply angled backhand crosscourt that nipped the left sideline. When she broke Po's service again, in the ninth, it closed oot

Seles also broke four rackets during the match.

"I took them right from the stringing and the air-conditioning, and I think it was too much for them," said Seles, who heard them crack as they broke.

"I have two rackets left," she said, adding that at this pace, "I better call

enal, 'said Agassi.

"I felt rather rushed,' he said. "I
didn't enjoy that at all." Agassi suited and sneakered up in a flurry and disposed of the 50th-ranked

an hour and 15 minutes - phenom-

Italian Sanguinetti in such a hurry himself, 6-2, 6-3, 6-0, that the main stadium was left without a feature match by midafternoon.

U.S. OPEN LATE FREDAY IN NEW YORK MINN'S SIMOLIS SECOND ROUND

Magnus Larsson, Sera, def. Marcelo Filippini, Urug. 6-3. 6-3. 6-2: Michael Kohlmann, Ger., def. Amaud Di

2. 6-2. Michael Kohtmann, Ger., def. Amand Di Pasquala, Fr. 7-5. 6-4. 6-4. Maruda Rios (2), Chile, def. Giorgio Gallimberti, H., 6-2, 6-7 (4-7), 6-2. 6-2. Jun-Michael Gombill, U.S., def. Mag-nus Natman, Sire., 6-4. 6-2. 6-7 (8-10), 6-3. Thornus Johansson, Sire., def. Hendrik Breekman, Ger. 2-4. 7-5. 6-2. 6-3. Lucos Arnold, Any., def. Bernd Korbacher, Ger. 7-5. 3-6. 6-2. 6-3. Alex Correita (7), Sp., def. Jean-Baptiste Pertant, Fr., 6-4. 5-7. 6-7 (8-10), 6-1. 6-8 Mark Philippoussis, Aus., def. Sebastien Larout, Can., 6-7 (3-7), 6-3. 6-3. 6-4. Geoff Grant, U.S., def. Andrei Medvedev, Ukrains, 4-6. 3. 7-6 (7-6), 6-4. Corlos Maya (10), Sp., def. Michael Chang, U.S., 3-4. 1-5. 7-6 (7-5), 6-4. 6-3. **Constant States (10).

Martina Hingis (1), Switz, del. Amelie Mauresm 44 62 62 Irina Spirlea (9), Rora, del. Serena Wil

Tittles BOUNES Pairick Rober (7), Aus., def. David Nolakin, S. Air., 6-1, 6-1, 6-1, Jonas Bjorkman (12), Swe., def. Fabrice Sontoro, Fr., 6-3, 6-1, 6-2: Goran Ivanisevic (14), Cra., def. Paul

Heartwis, Neth., 7-6 (7-5), 6-3.6-4; Andre Agessi (10, U.S., def. Davide Sanguinetti. It., 6-2, 6-3, 6-0.
Maret Saftin, Rus., def. Thoman Muster, Austria, 6-4, 6-4, 6-6-3; Karal Kucera (9), Slevakia., def. Adrian Volnes,

4, 1-4, 6-2: Kemi Kuceru (9), Slovakia, def. Adrian Volnes,
Para, 7-5, 6-3, 6-2.

Jan Stemerink, Neth., def. Greg Rusedski, Brit. (6), 4-4,
6-4, 5-7, 6-2, 6-4. Pete Samprus (1), U.S., def. Admoel
Tilistrom, Swe., 6-2, 6-4. Peter Samprus (1), U.S., def. Admoel
Tilistrom, Swe., 6-2, 6-6. 1-1

WOLLING SENERAL SENERAL SAMPLES
Amonda Coetzer (13), 5-, Afr., def. Borboru Schwit.
Austria, 3-6, 6-0, 6-3; Venus Williams (5), U.S., def. Lariso
Nelland, Larivia, 5-0, retired.
Aranthu Sanchez Vicario (4), 5p., def. Soron Pitkowski,
Fr., 6-2, 6-3: Natholic Tousiat (10), Fr., def. Henrich

uogyovu. Stronkio. 6-1. 6-1. Lindsoy Dovenport (D. U.S., def. Virginio Ruomo-uel. Sp., 6-2. 6-1. Anna Koomikova (15), Rus., def. S reference (15).

Cust. Sp., 6-2, 6-1, 6-1, 6-1, 6-1, Gurran Courses (1-2), reason (1-2), Faring. Holy, 6-1, 6-1, Many Pierce (1-2), Fr., def. Laura Golorsa, Italy, 6-1, 6-0, Conchita Maritinez (7), Sp., def. Lisa Raymond, U.S., 6-

Monica Seles (6). U.S. det. Kimberly Pa, U.S. 6-2, 4-6.
6-3: Jona Novalna (3). Czech R., def. Irina Spirlea (9).
Rom. 6-3, 6-3.
Martina Hingto(1), Sw., def. Nathalle Dechy, Fr., 6-4, 6-4.

6-1. 7-5. 1-6. 6-2 Yevgeny Kafelnikov (11). Rus... def. Nicolas Kieter, Ger.. 6-4. 6-0. 6-2.

MVP Favre and Packers Shut Down MVP Sanders and Lions

The Associated Press

In the first matchup of reigning MVPs in National Fontball League history, Brett Favre's Green Bay Packers beat Barry Sanders' Detroit Lions, 38-19, oo Sunday in Greeo Bay, Wiscon-

Or was it Roell Preston's Packers over Terry Fair's Lions?

Sanders's streak of 14 consecutive regular-season 100-yard rushing games came to an end as he gained 70 yards in 17 carries. Favre had a workmanlike 23for-31 for 193 yards and a touchdown before hooking np with Antonio Freeman for an 84-yard TD toss with 1:53 left. Sanders and Favre shared the MVP

award last season on a tie vote. But the kick returners stole this show. Detroit's Fair returned a kickoff 101 yards for a touchdown as the third quarter expired, and Preston promptly replied with a 100-yard TD return to restore

Green Bay's 12-po', lead, 31-19. Fair returned six kickoffs for 244 yards and Preston returned four for

The Packers have won 28 straight games at Lambeau Field, including four

strike in the third quarter to Herman Moore, who caught nine passes for 100

yards despite a torn groin muscle. The touchdown capped a drive that hegan at the 50 thanks to Fair's 49-yard return. But Mitchell's 2-point conversion pass failed, leaving the Lions down

The Packers ate up nearly 10 minutes on an 18-play, 85-yard drive capped with a 6-yard touchdown pass to Freeman over cornerback Bryant Westbrook with 17 seconds left in the third quarter.

The Lions answered in a flash. Fair returned the kickoff 101 yards and the Lions were down just 24-19 entering the fourth quarter. Prestoo matched the magic with a return that began with him winding through tacklers and ended with him

gyrating to the fans and diving into the end zooe. Vikings 31. Buccaneers 7 Randy Moss, the first-round pick passed over by 19 teams in last spring's draft, caught two long touchdown passes to spark the

Vikings to a surprisingly easy victory over Tampa Bay in Minneapolis. Doing exactly what the Vikings draf-They ran their streak to 37 quarters ted him to do—go deep—Moss became without allowing a touchdown pass be-

fore Scott Mitchell's 25-yard scoring TDs in his first game. Brad Johnson also matched a career high with four TD passes to help give the Vikings the early edge over the Buccaneers in the pursuit

of Green Bay in the NFC Central. Tampa Bay, regarded by many as the Packers' main challenger entering the

NFL ROUNDUP

season, played nothing like the team it was expected to be after ending its 15year playoff drought in 1997.

The defense was off-balance all afternoon, and the running game gen-erated only 68 yards with Pro Bowl backs Warrick Dunn and Mike Alstott. Surprisingly, quarterback Trent Dilfer was Tampa Bay's lone bright spot until

he was forced ont of the game late in the Dilfer's last play was a 3-yard TD pass to fullback Lorenzo Neal to make it 21-7. He hit his first 11 passes and

finished 17-for-24 for 207 yards. Johnson was 15-for-25 for 189 yards, four TDs — Cris Carter also had two and one interception in his first game since a oeck injury ended his season last

The Bucs also lost receiver Bert Emanuel with a sprained left ankle early in

the third quarter. Emanuel, who signed as a free agent for \$16.4 million in the offseason, caught seven passes for 98 yards.

Steelers 20, Ravens 13 Kordell Stewart scored Pittshurgh's first touchdown after Baltimore botched a punt and the visiting Steelers took advantage of the Ravens' shoddy kicking game. The Ravens quarterback Jim Har-baugh left for good midway in the second quarter after hyperextending the

ring finger on his right hand. The injury apparently occurred when he hit the ground after being hit by Carnell Lake. His backup, Eric Zeier, threw a 64yard touchdown pass to Jermaine Lewis with 2:48 left to bring Baltimore to 20-13. But a 68-yard punt by Josh Miller

left the Ravens at their 4 with 27 seconds Rickey Watters, returning to Veterans Stadium with the Seattle Seahawks. wasn't even the focal point in their victory over Philadelphia - the worst opening loss in Eagles history. He took a mini victory lap before the game, hugged a few of his former teammates and got a good look at why leaving Philadelphia might have been his best

move yet. Joey Galloway had a career-high 142 much.

yards receiving and scored two touck-downs as the Seahawks handed Philadelphia its first shutout in a home opener since 1941. Fans who packed Veterans Stadium to boo Watters, who left the Eagles as free agent after three years in Philly, lost interest in a hurry.

Folcons 19, Panthers 14 Overcoming Carolina defense that recorded six sacks and kept him on the run much of the game, Chris Chandler threw for 268 yards and two touchdowns as fisiting Atlanta triumphed ever the Panthers. Atlanta was 7-3 last season when

Chandler, who has been bothered by concussions, finished games he started. The Falcons were 0-6 when he wasn't around at the end. He completed 17 of 32 passes against

Carolina, helping the Falcons win their road opener for the first time since 1986. Atlanta cooverted one interception and two Carolina punting miscues into

12 points, dooming the Panthers to their fourth consecutive home loss. Kevin Greene, returning to Carolina after a one-year absence, had three sacks while operating against rookie tackle Ephraim Salaam, but the rest of the Panthers were unable to generate



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